BUSINESS WEEK

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Idlewild:
a city of
terminals

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FIFTY CENTS

JULY 9, 1960

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FIGURES of the WEEK

1947-49=100			-		100
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1957 1958	1959			1960	
	1953-55	Year	Month	Week	§ Late
HIGH IEGG LAVERIC INIDEN	Average	Ago	Ago	Ago	Week
BUSINESS WEEK INDEX (chart)	133.3	158.7	150.0	153.9 r	152.2
DOBLICTION					
RODUCTION					
Steel ingot (thous, of tons)	2,032 125,553	2,252 108,397	1,756	1,510r 141,247r	1,2
Engineering const. awards (Eng. News-Rec. 4-wk. daily av. in thous.)	\$52,412	\$90,893	\$87,703	\$92,074	\$97,6
Electric power (millions of kilowatt-hours)	10,819	13,124	13,134	14,213	14,2
Crude oil and condensate (daily av., thous. of bbl.)	6,536	6,914	6,781	6,820	6,7
Bituminous coal (daily av., thous. of tons)	1,455	1,536	1,407	1,483r	1,5
Paperboard (tons)	247,488	275,478	289,565	323,223	308,6
RADE					
Carloadings: mfrs., miscellaneous and I.c.I. (daily av., thous, of cars)	70	65	60	59	
Carloadings: all others (daily av., thous. of cars)	47	52	47	50	
Department store sales index (1947-49 = 100, not seasonally adjusted)	121	118	139	147r	1
Business failures (Dun & Bradstreet, number)	198	244	274	296	2
RICES					
Industrial raw materials, daily index (BLS, 1947-49 = 100)	89.2	92.3	92.4	91.4	91
Foodstuffs, daily index (BLS, 1947-49 = 100)	90.5	80.1	77.1	76.8	77
Print cloth (spot and nearby, yd.)	19.8∉	19.5∉	21.1¢	21.2¢	21.
Finished steel, index (BLS, 1947-49 = 100)	143.9	186.7	186.6	186.6	18
Scrap steel composite (Iron Age, ton)	\$36.10	\$39.17	\$31.50	\$31.00	\$31.
Aluminum, primary pig (U. S. del., E&MJ, Ib.).	32.394∉ 20.6∉	31.410¢ 24.7¢	33.000∉	33.000¢ 26.0¢	26. 24.1
Aluminum, secondary alloy #380, 1% zinc (U. S. del., E&MJ, lb.)	11	23.82€	24.36€	24.03€	33.00
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.34	\$1.90	\$1.96	\$1.87	\$1.
Cotton, daily price (middling, 1 in., 14 designated markets, lb.)	34.57€	34.19∉	32.20€	32.25€	32.2
Wool tops (Boston, Ib.)	\$1.96	\$1.86	\$1.67	\$1.67	\$1.
NANCE					
500 stocks composite, price index (S&P's, 1941-43 = 10)	31.64	59.74	56.91	57.30	56.
Medium grade corporate bond yield (Baa issues, Moody's)	3.59%	5.05%	5.25%	5.28%	5.28
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate)	2-21/8 %	31/8 %	41/4 %	3 1/8 %	35/8
ANKING (Millions of Dollars)					
Demand deposits adjusted, reporting member banks	11	60,835	58,185	59,607	58.6
Total loans and investments, reporting member banks	11	103,476	102,925	103,776	103,3
Commercial, industrial, and agricultural loans, reporting member banks	††	29,411	32,089	32,546r	32,5
U.S. gov't guaranteed obligations held, reporting member banks	11	30,598	25,790	25,640	25,3
Total federal reserve credit outstanding	26,424	28,042	27,427	28,135	27,7
ONTHLY FIGURES OF THE WEEK		1953-55 Average	Year	Month	Late
Private expenditures for new construction (in millions)		\$2,390	\$3,523	\$3,176	\$3,3
Public expenditures for new construction (in millions)		\$980	\$1,637	\$1,363	\$1,4
Consumer credit outstanding (in billions)		\$34.2	\$46.6	\$52.2	\$52
Installment credit outstanding (in billions)		\$25.2	\$35.4	\$40.3	\$40
Manufacturers' inventories (seasonally adjusted, in billions)		\$45.2	\$51.6	\$54.7	\$5
Wholesalers' inventories (seasonally adjusted, in billions)		\$10.6	\$12.2	\$12.9	\$13
		\$21.4	\$24.5	\$25.0	\$25
Retailers' inventories (seasonally adjusted, in billions)		\$902	\$1,264	\$1,257	\$1,2

^{*} Preliminary, week ended July 2, 1960, † Not available.

t Revised.

R Date for 'Latest Week' on each series on request.

THE PICTURES—Cover—Herb Kratovil; 26, 27, 28—Herb Kratovil; 31—Leonard Nadel; 54, 55, 57—Mike Shea; 60, 65—Bud Blake; 86, 87, 88, 89, 90—Herb Kratovil; 100—Marilyn Silverstone; 102—Hans Hubmann; 104—Herb Kratovil; 119—Marshall Lockman; 133—(top) RCA, (bot.) CBS Labs; 144-145—Don Newlands.

HOW ONE CUSTOMER "FREES-UP" \$8 MILLION IN WORKING MONEY

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READERS REPORT

Arden House Meeting

Dear Sir:

. . . I was very glad to see your report of the meeting [BW-Jun. 11'60,p109]. It is so important these days that we interest businessmen in our national and international problems. Your reporting of that affair will go a long way toward creating further interest in the very serious problems that were discussed at Arden House.

BUSINESS WEEK is to be congratulated for running the article itself and for its excellent content. JAMES M. GAVIN

ARTHUR D. LITTLE, INC. CAMBRIDGE, MASS.

Dear Sir:

. . I thought you did a wonderful job. . . . To me the conference was quite divided between old-line world government people and the folks whom I think of as the "reality kids.". . .

MICHAEL AMRINE

WASHINGTON, D. C.

Dear Sir:

Your story on the Arden House conference on the strategy of peace . . . describes realistically the many ambiguities and difficulties imbedded in the subject as well as some of the possible means of achieving peace.

I confess there were times when I felt in my panel that we were as much concerned with the strategy for war as with the strategy for peace, but I suppose this is one of the paradoxes one runs into in this complicated subject; the two are so completely intertwined. . . .

COURTNEY C. BROWN

GRADUATE SCHOOL OF BUSINESS COLUMBIA UNIVERSITY NEW YORK, N. Y.

Dear Sir:

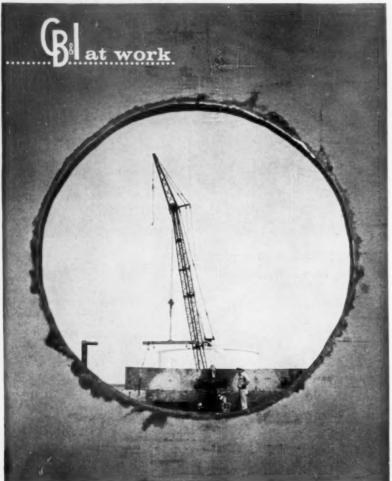
. . . I thought your coverage of the conference a minor masterpiece of squeezing fresh information and a practical overview out of the total conference. . .

GEORGE A. BEEBE

DIRECTOR INSTITUTE FOR INTERNATIONAL ORDER NEW YORK, N. Y.

Toledo Marine

Your flattering article, Toledo's Busy Port for Ocean Ships [BW-



Manhole cutout of CB&I tank under construction frames completed structure in background

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OFFICES AND SUBSIDIARIES IN PRINCIPAL CITIES THROUGHOUT THE WORLD

May21'60,p80] on the Port of Toledo is appreciated since few communities have done as well in backing their hopes for economic growth as a result of the St. Lawrence Seaway with hard cash as have the citizens of Toledo and Lucas County.

Appreciation is dimmed, however, by the dire quotations about the future of the Port of Toledo's pioneer general cargo facility, the privately owned, privately financed and privately operated Toledo Marine Terminals.

In 1949, before the Seaway was a certainty, TMT was founded by Toledo businessmen who were willing to risk their own money because of their firm faith in Toledo's future as a world port. In 1959, when the Seaway opened, the foresight of the founders of TMT made it possible for the Port of Toledo to meet the demands of increased shipping. These demands were made exceptionally heavy by the fact that the Port Authority site wasn't ready until late fall and many other ports had woefully inadequate facilities.

In 1960, BUSINESS WEEK readers should be assured, Toledo Marine Terminals doesn't share the pessimism cited in your report. The principals in the firm—fully aware of the competition opening on the Port Authority site—invested more than \$200,000 in increased facilities last year. Additional improvements are in the planning stage to be carried out when needed.

The offhand statement that there is some "dollar-and-cents" disadvantage to being centrally located in the Port of Toledo is absolutely unfair. The great bulk of shipping plying the Great Lakes finds no such differential in . . . Toledo.

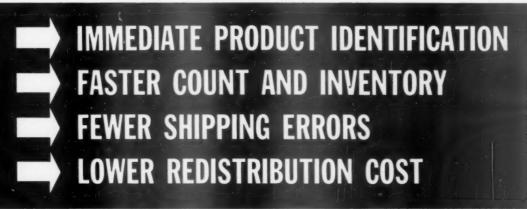
Toledo's wide channel and competent bridge-tending, both of which have drawn high praise from ship captains calling here, mean that few ships need tugs, except during infrequent, exceptionally bad weather conditions. The extra hour running time is not important.

Our faith in the future of the Port of Toledo is firm enough to encompass not only TMT but our competition as well.

ROBERT W. CARY

VICE-PRESIDENT
TOLEDO MARINE TERMINALS, INC.
TOLEDO, OHIO

• The \$500-\$1,000 range (mentioned in the article) applies to larger vessels. Smaller ships, constituting the bulk of traffic on the Great Lakes, would incur lower additional costs to use TMT.





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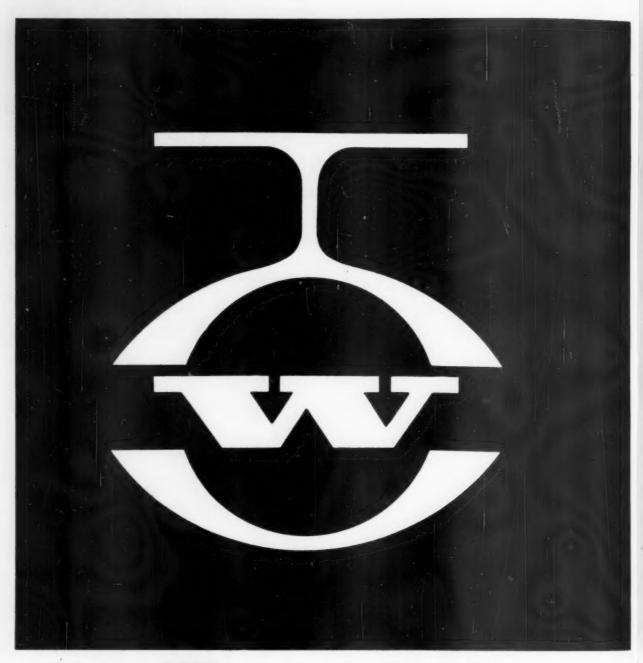
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West 3-7900 nce Corporation MINNEAPOLIS, MINNESOTA entral Supply Taylor 4-0705 MOBILE, ALABAMA

MONROE, LOUISIANA Weaks Supply Company, Ltd. Fairfax 3-8831

Marine Specialty Co., Inc.

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Chas. F. Guyon, Inc. Murray Hill 2-6260 Glauber, Inc. Trafalger 9-5000 New York Plumbers' Specialties Co., Inc. Mott Haven 5-2500

Republic Supply Co., Inc. Barclay 7-3366 NIAGARA FALLS, NEW YORK en Supplies, Inc. Butler 4-9921

NORFOLK, VIRGINIA Empire Machinery & Supply Corp. Madison 2-3683

ODESSA, TEXAS Rodman Supply Co. Federal 2-5785 OMAHA, NEBRASKA U. S. Supply Co. Atlantic 0831 ORANGE, TEXAS Sabine Supply Company Tulip 3-5621 ORLANDO, FLORIDA Harry P. Leu, Inc. Cherry 1-2561 PHILADELPHIA, PENNSYLVANIA Garfield 3-7800 Herman Goldner Co., Inc. McArdle & Cooney, Inc. Dewey 6-3900 PHOENIX, ARIZONA Smith Pipe & Steel Co Alpine 4-5621 PITTSBURGH, PENNSYLVANIA Anchor Sanitary Co. Walnut 2-3160 Frick & Lindsay Company Fairfax 1-5700 PORTLAND, MAINE W. L. Blake & Company Spruce 3-6426

Consolidated Supply Company Capital 8-6511 RICHMOND, VIRGINIA John H. Frischkorn, Jr., Inc. Milton 8-5848

PORTLAND, OREGON

James McGraw, Inc Milton 9-0731 ROCHESTER, NEW YORK John B. Davie Co. Locust 2-4620

ROXBURY, MASSACHUSETTS Republic Pipe & Supply Corp Garrison 7-5100

SALT LAKE CITY, UTAH Lawson Supply Company SAN ANTONIO, TEXAS Ingersol 7-5491 San Antonio Machine & Supply Co.

Capitol 5-1651 SAN DIEGO, CALIFORNIA Western Metal Supply Co Belmont 3-3111

SAN FRANCISCO, CALIFORNIA acific Pipe Company Exbrook 2-6255 SAVANNAH, GEORGIA Georgia Supply Company Adams 2-7131 SEATTLE, WASHINGTON Bowles Company, Inc Main 3-3504 SHREVEPORT, LOUISIANA Pelican Supply Company 2-3255 SPOKANE, WASHINGTON

Consolidated Supply Company Fairfax 8-4471

SPRINGFIELD, MISSOURI Harry Cooper Supply Co. University 2-4411 ST. LOUIS, MISSOURI

Donovan Iron & Supply Co. Parkview 5-8840 State Pipe & Supply Co. Evergreen 1-7900 TAMPA, FLORIDA Bert Lowe Supply Co. 2-4278 TORONTO, CANADA

Canada Iron Foundries, Ltd. Empire 3-8801 TOWSON, MARYLAND McArdle & Walsh, Inc. Valley 5-6600 TULSA, OKLAHOMA

Iverson Supply Company Luther 5-5565 Oil Capitol Supply Co. Hickory 6-6131 WICHITA, KANSAS Midland Supply Company, inc.

Amhurst 5-0181 Mountain Iron & Supply Co. Amhurst 5-6641 WOODBURY, NEW JERSEY

John Hack Company Tilden 5-2700 WORCESTER, MASSACHUSETTS Washburn-Garfield Co. Pleasant 5-3124 YOUNGSTOWN, OHIO

Snyder-Bentley Co. Riverside 4-1174

For branch office listings of these companies, or for information on other Walworth distributors, consult your local telephone directory, or write to:



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WALWORTH COMPANY 750 Third Avenue, New York 17, N. Y.

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GROVE VALVE AND REGULATOR COMPANY



32%

of all galvanized steel sheets produced are sold through Steel Service Centers. Almost every heating and air conditioning contractor consistently buys galvanized steel sheets from nearby Steel Service Centers, whose complete steel supplies eliminate the fabricator's "cost of possession" for steel inventories. They deliver steel when you want it, cut to size, ready for use. Jones & Laughlin, one of the major producers of galvanized steel sheets, recommends the services of the nation's Steel Service Centers.



Up in flames ... \$1,180,000!



Fire Struck this unsprinklered metalworking factory early one evening. When discovered, it

was too late to save the building. The flames were raging out of control when firemen arrived.

Proof that Grinnell Sprinklers can avert staggering fire losses



One Grinnell Sprinkler checked an early-morning blaze at Lindsay Brothers Company, Minneapolis, Minn., manufacturer of farm machinery, when the firm's oil burner backfired, sending out a sheet of flame. Grinnell Sprinklers like these can easily be installed for you with a minimum of inconvenience. The complete system is normally fabricated in Grinnell shops,

then shipped to location. Expert crews provide careful installation. Quick-acting Grinnell Sprinklers can not only guard property dollars, but save you insurance money, as well. Get the complete facts. For full details, write Grinnell Company, 272 West Exchange Street, Providence 1, Rhode Island. Sales offices in principal cities.

GRINNELL

AUTOMATIC SPRINKLER FIRE PROTECTION SINCE 1878



It's electrifying!

The ways Reynolds Aluminum improves performance, cuts costs

One dollar's worth of aluminum will do the same electrical work as two dollars' worth of copper. Add other aluminum advantages to this fact and it's easy to understand why products made by Reynolds Aluminum and products made with Reynolds Aluminum are helping the electrical industry reduce costs and increase efficiency.

Manufacturers of electrical equipment, utilities, and power users all benefit from the increased use of Reynolds Aluminum. And no wonder, when you consider the unique combination of advantages offered by aluminum.

For example: low cost, minimum maintenance, easier installation, attractive appearance, high electrical conductivity, light weight, resistance to corrosion, high thermal conductivity, strength, ease of fabrication, good availability and high scrap value.

The electrical industry is one example of where, how and why Reynolds Aluminum is adding value. For details on how aluminum can help you improve product performance, reduce weight and cut costs, contact your nearest Reynolds office or write Reynolds Metals Company, P. O. Box 2346-GA, Richmond 18, Virginia.



Reynolds Aluminum Strip Conductor offers cost and performance advantages over wire coils. It is easy to wind, improves heat transfer, saves insulation, weight and space. In a new automotive horn coil it helped eliminate eleven parts. Available interleaved or anodized.



Reynolds Aluminum Bus Bar offers savings of 35 to 50% over bare or plated copper conductors. It is lightweight, easy to cut, bend and form—reduces installation costs. Ideal in switch-gear, bus duct, sub-stations and other equipment. Available bare or silver plated in a variety of sizes and shapes.



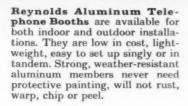
Reynolds Aluminum Rigid Conduit cuts installation and maintenance costs. Weighs only one-third as much as steel conduit, resists corrosion from most industrial atmospheres, is easy to cut, bend and form. Non-magnetic, reduces voltage drop, often permits longer runs, smaller conductors.

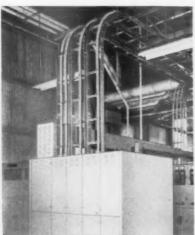


REYNOLDS









Interlocked Armor Cable Systems are a good example of Reynolds Aluminum used in electrical equipment. Strong, lightweight, rustfree aluminum as the conductor, armor cover, supporting trays and shield-tape reduces handling and maintenance costs, adds to performance and attractiveness.



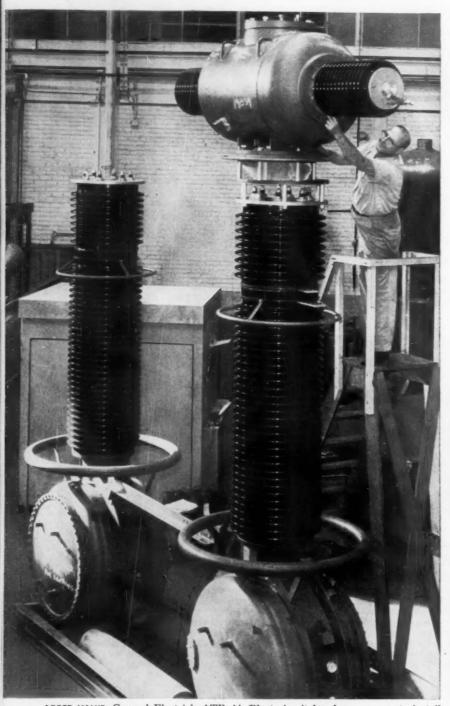
Outdoor Switchgear is another example of aluminum's versatility in electrical equipment. Extruded aluminum sections that interlock to form structurally reinforced panels reduce labor costs, provide strength and rigidity in housings. Panel sections are light in weight, easy to handle, won't rust.

ALUMINUM

Watch Reynolds TV Shows: "Bourbon Street Beat" and "Adventures in Paradise"; and, resuming in October, "All-Star Golf"—ABC-TV

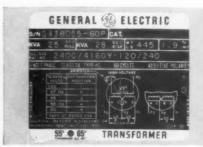
QUESTION TO MANAGEMENT:

How Many of Are



ADDED VALUE: General Electric's ATB Air-Blast circuit breakers are easy to install and maintain, and provide practical protection for transmission systems from 115 through 460 kilovolts and beyond. General Electric's technical leadership in building Air-Blast breakers helps to assure utilities of superior system protection.





ADDED VALUE: Permalex® insulation in new dual-kva distribution, network and medium transformers allows a 12% increase in kva capacity.



ADDED VALUE: Proved performance of magnetic suspension meters: of nearly 12 million in service, not one has been replaced because of bearing wear.



ADDED VALUE: New Kinatrol* eddy current coupling is a packaged all-electric drive offering low cost, adjustable-speed performance.



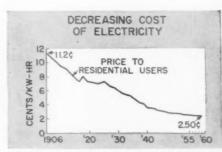
ADDED VALUE: Major design innovations in the new draw-out Limitamp* Motor Control assure purchasers of faster installations and easier maintenance.

^{*}Trade-Mark of General Electric Co.

These General Electric **ADDED VALUES** Working for You Today?



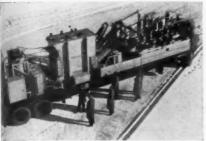
ADDED VALUE: New compact capacitor equipments using the lightest, smallest 50-kvar capacitors available reduce installation costs.



ADDED VALUE: Improved steam turbine generator efficiency—producing more power with less fuel—helps utility companies keep the cost of electricity low, despite inflation.



ADDED VALUE: Automatic Dispatching System typifies General Electric's progress in designing equipments that serve loads more efficiently.



ADDED VALUE: Progress in design, materials and manufacturing increased mobile substation ratings from 5,000 to 17,000 kva in 10 years.



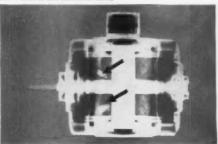
ADDED VALUE: New Custom "8000" motors provide users with faster installation, easier maintenance, more rugged construction and increased insulation life.



ADDED VALUE: Advanced engineering produces safer equipment to use, and results in unique refinements such as Vertical Lift Metal-clad switchgear.



ADDED VALUE: G.E. has developed marine propulsion units with gears much lighter and stronger than World War II designs.



ADDED VALUE: New Thermo-Tector System (x-ray photo) in General Electric Tri-Clad 55 ® motors eliminates overload winding burnouts, allows maximum motor output safely.



ADDED VALUE: New silicon controlled rectifiers make possible maximum reliability and speed of response in machine-drive systems.



ADDED VALUE: Recently announced U26B diesel-electric develops more horsepower per axle than any comparable locomotive.



ADDED VALUE: Selectively-coordinated load centers deliver maximum power continuity (since power is removed only from faulted feeders), at lower cost than ever before.



ADDED VALUE: "TOP-FORWARD" d-c twin drive with many new motor design innovations, saves space, reduces costly downtime.

TO HELP YOU CAPITALIZE ON BUSINESS OPPORTUNITIES OF THE SIXTIES...

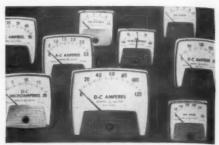
General Electric R Are Committed to



ADDED VALUE: G-E Numerical Control applied to this 100-ton rotary-turret punch press accounted for a time reduction of 6-to-1.



ADDED VALUE: Innovations and systems technology have made G.E. a leader in field of rolling-mill automation. Above: G.E.'s version of completely automated reversing hot mill.



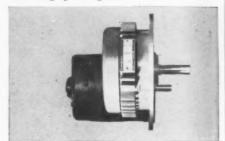
ADDED VALUE: BIG LOOK AC and DC panel meters feature distinctive appearance, greater readability and extra-long operating life.



ADDED VALUE: The new QHT* (Quiet-High-Temperature) dry-type transformers are—easy to install, smaller, lighter, quieter, and save floor space.



ADDED VALUE: Research and development has paid off for General Electric's Form G motor (right) making it more reliable, versatile, and easier to install than its predecessor.



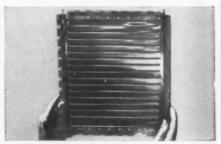
ADDED VALUE: New Thinline motors for limited space are up to 8 inches shorter, 26 pounds lighter than standard end-mounted motors.



ADDED VALUE: Constant research pays dividends in new products. Thermoplastic recorder offers new way to record sight and sound.



ADDED VALUE: Preferred Lighting, a new outdoor lighting program, designed to provide better customer service and product value, offers more light per dollar on America's roadways.



ADDED VALUE: Advanced research explores unconventional power sources such as nuclear fusion, fuel cells (above), thermionic converters.



ADDED VALUE: Electronic testing, a phase of cost-reducing automation in meter manufacturing, assures fast, efficient quality control.



ADDED VALUE: Over 450 Motor Service Stations specifically authorized by General Electric assure purchasers of local high-quality, low-cost repair of smaller-sized G-E motors.



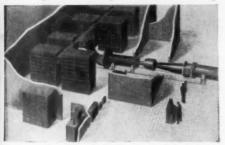
ADDED VALUE: Emergency repair service for electrical equipment is available through G.E.'s network of Apparatus Service Shops.

*Trade-Mark of General Electric Co.

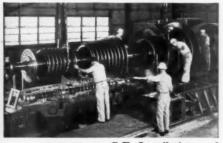
Research, Engineering and Service to Creation of **ADDED VALUES**



ADDED VALUE: Advanced Automated Material Control systems, designed by General Electric provide greater efficiency and economy in material handling.



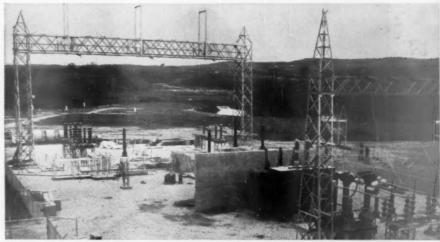
ADDED VALUE: G-E advanced system design provides new tools for the defense industry. This capacitive system powers a space age hypersonic wind tunnel.



ADDED VALUE: G-E Installation and Service Engineers are available to supplement owners' organizations for engineering field service.



ADDED VALUE: Analytical Engineering solves complex planning problems of utility systems. A recent problem involved 25,000 cost factor combinations.



ADDED VALUE: Research into transmission of extra-high-voltage power, up to 750,000 volts, is the purpose of Project EHV. Test results will soon flow at the north substation shown above. G.E. and twelve other companies are cooperating to build this 4½-mile, 18-tower prototype system near Pittsfield, Mass.



ADDED VALUE: Commonwealth Edison's 180,000-kw Dresden station, the nation's largest all-nuclear power plant, began supplying power in April, 1960. The development of the boiling water reactor for this plant represents only a part of General Electric's broad research efforts in the field of nuclear energy.

WE DIDN'T HAVE ROOM FOR ALL OF THEM, BUT... these are some of the many contributions that come out of General Electric efforts in research, engineering and service... ADDEL VALUES that you can utilize to serve the markets of the Sixties.

FOR MORE INFORMATION about General Electric products... and ADDED VALUES... why not contact your nearest G-E Apparatus Sales Office. Or, ask your General Electric sales engi ær how ADDED VALUE can be put to work for you. General Electric Company, Schenectady 5, New York.

HOW HERCULES HELPS...



SET A TUNNEL DRIVING RECORD — For 'New York City's latest water tunnel, a 43.64 mile bore was completed in the record time of 841,000 man-days—ten months ahead of schedule. Clancy O'Dell, project manager, depended on Hercules® short-period

electric blasting caps. Pioneering in the field of industrial explosives has always been part of Hercules' history and this extensive background is available through a world-wide staff of explosives technical service men.



IMPROVE CLEANING COMPOUNDS—New type liquid cleansing agents often depend upon Pamak® tall oil fatty acids for added effectiveness. Pamak is just one of the many Hercules products that is a part of today's formulations for modern cleaning compounds and liquid detergents.



PROTECT INDUSTRIAL **EQUIPMENT**-Protective coatings based on Parlon®, Chlorinated natural rubber, are being used from coast-tocoast. A typical example of the outstanding performance of Parlon coatings is at the Middlesex County Sewage Disposal Center in Sayreville, N. J., where a Parlonbased paint has been selected to protect equipment under extremely challenging conditions.

HERCULES

HERCULES POWDER COMPANY

900 Market Street, Wilmington 99, Delaware

CHEMICAL MATERIALS FOR INDUSTRY



BUSINESS OUTLOOK

BUSINESS WEEK JULY 9, 1960



Perhaps the next upturn in business activity will have to depend on of all things—inventory accumulation.

The consumer isn't going to come through in a big way, it seems.

The latest survey of people's buying intentions shows some deterioration from early-1960 prospects (page 45). This isn't a buyers' strike by any means; but neither does it look like a splurge.

Talking about an inventory turnaround, after everything that has been said and written this year, may seem like grasping at straws.

Why, you may ask, will industry start building inventory if the consumer now is turning a bit cautious?

Answers lack statistical proof. But we do know that business remains at a very high level. Even a modest autumn rise probably would need more inventory just to meet current operating requirements.

Some purchasing agents report that they still are reducing stocks, according to the latest survey by the National Assn. of Purchasing Agents. Their reason is: accumulation of finished goods.

But, on the hopeful side, "a substantial number feel the bottom has about been reached," the association states.

Steelmen, for their part, can be pretty sure that the next turn in their business will be for the better.

Actually, that isn't saying much, what with this week's operations falling below 43% of capacity. Anything but an upturn from that level, obviously, would be little short of catastrophic.

You can, if you try, find quite a few steelmen who will tell you the industry this year will fall only 3-million to 4-million tons short of the record 117-million tons of raw steel produced in 1955.

That would mean second-half operations at about 70% of capacity.

Hunt a little harder, and you will even find an occasional optimist who thinks the industry will break its 1955 record. But they admit their orders have to start rising—and soon—to bring that off.

Over-all figures on manufacturers' inventories, made public by the Commerce Dept. over last weekend, bring us up only to the beginning of June. They show the total still rising in May but much less rapidly than in late 1959 and early 1960.

And in the critical area—durable goods manufacturing—stocks appear to have been rising hardly at all in the second quarter and they stand hardly $1\frac{1}{2}\%$ higher than in 1957 in terms of dollar value—which probably means smaller physical stocks than in the last boom.

More ominous than the level of inventories, if you are in a mood to take fright at the official figures covering manufacturers' sales, inventories, and backlogs, is the persistent lag in new orders.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK JULY 9, 1960 The value of goods shipped has outpaced new orders ever since last November—and by a sizable margin each month this year.

That, if it goes on long enough, obviously has to mean a reduction in shipments. This is, in fact, becoming rather a classical characteristic of each of our postwar recessions.

During the first five months of 1960, manufacturers of durable goods shipped products with a value of \$76.3-billion. In the same period, they booked only \$72.8-billion of new business.

In short, they drew down their backlogs by \$31/2-billion.

In the same 1957 period, shipments ran \$73-billion against \$70-billion of new orders—a smaller overdraft, in fact, than this year.

If industry's inventory requirements are to rise any time soon, it is perfectly clear that orders have to rise to match (or pass) the value of goods being shipped.

It can't go the other way—that is, shipments coming down to the level of new orders—without inventory needs declining, too.

Auto output now has passed its peak for the old-model year.

Most producers weren't pushing very hard even last week, before the holiday. And July 4 cut deeper into this week's outturn.

Taking things a bit easy last week, the industry still came up almost exactly to its June target with roundly 615,000 cars.

July's schedule will be almost 200,000 below that level.

Now, as motorists' fancies turn more and more to the new-model year, the chief characteristic of the new season is becoming clear:

Just as this has been the year of the compact car, Detroit is planning 1961 as the year of the smaller big car.

More middle-price name plates carrying tags competitive with the higher-priced Chevrolet, Ford, and Plymouth lines; wheel bases to match prices; more optional six-cylinder engines.

Sales of U. S.-built motor cars in the second quarter apparently totaled just over 13/4-million (while imports fell about 10% off last year's sizzling clip).

For the half year, buyers in this country registered only about 100,000 fewer cars than in the same period of record-smashing 1955 when just over 3½-million were sold.

Car buyers need only do slightly better than last year in the second half of 1960 to make this a 61/2-million-car year.

That would be the **second highest on record** for total sales—but it wouldn't be quite that favorable for U.S. manufacturers. American-made cars will do well to top 5.9-million, barely bettering 1956 when 5,857,000 U.S.-built cars were sold.

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This is the syncro-flash process



It makes bottle lips hard, smooth, safe . . .



On the threshold of refreshment your lips meet another Owens-Illinois first

The lips of O-I beverage bottles are fire-polished to a hard, smooth, safe surface—making it possible for you to drink directly from the bottle. We developed this process many years ago. We call it "syncro-flash."

Glass seals in the wonderful flavor of your favorite carbonated beverages ...keeps them sparkling and naturally alive. Glass has no taste, no flavor, no possible reaction to your favorite beverage. In short, glass is inert. No other material can match it for that quality.

The syncro-flash fire-polishing of beverage bottles is a typical O-I development and reflects the same sort of imagination and research that goes into the entire Owens-Illinois family of quality products. CONTAINER

Duraglas bottles & jars • closures plastic containers • plastic fitments corrugated & fiber paper shipping boxes • multiwall paper bags kraft paper for shipping boxes

INDUSTRIAL

Kimble all-glass television bulbs glass pipe • glass tubing & rod communication & power insulators

ACIENTIFIC .

Kimble laboratory glassware vials • ampuls • clinical glassware

TABLEWARE

Libbey Safedge glassware • cut or decorated tumblers & stemware glass block • glass curtain walls

DURAGLAS CONTAINERS
AN (1) PRODUCT

Owens-Illinois

GENERAL OFFICES . TOLEDO 1, OHIO

Companies of every size use International Trucks ... for the same good reason!





INTERNATIONAL® TRUCKS

WORLD'S MOST COMPLETE LINE

International Harvester Co., Chicago . Motor Trucks . Crawler Tractors . Construction Equipment . McCormick® Farm Equipment and Farmail® Tructor

Congress Puts Off Final Chores

By recessing until after the political conventions,
 Congress leaves a heap of unfinished business for August.

The way it handles the pending measures will have a lot to do with the Presidential election in November.

The session will be particularly crucial for its author, Sen. Lyndon Johnson, or for Sen. Kennedy if he's nominated.

When Congress returns to work next month, after both parties have held their nominating conventions, it will face a mound of unfinished business

(table, page 25).

In tackling the duties that await, the nation's lawmakers will also be tackling issues on which either party's nominee could take great strides toward the White House—or be shoved toward defeat. The session will be an unprecedented experiment in legislative strategy; it could easily backfire against its chief planners, the Democratic leaders of Congress. And it will bring the most severe test so far of the three-party system of Congressional politics—in which Republicans, Northern Democrats, and Southern Democrats pursue sharply different tactics, with sharply different goals in mind.

• Single Precedent—Only once before has Congress been called into session between the nominating conventions and the Presidential election. That was in 1948 when Pres. Harry S. Truman, in his speech accepting the nomination, called the Republican 80th Congress back to Washington with the obvious intent of furthering his candidacy.

This time Congress, working through its heavily Democratic majorities, called itself back into session. Presidential politics is deeply involved. But so is the public image of the two parties—which Congressional candidates count on heavily in the November election, no matter who the nominees are.

The Senate will reconvene Aug. 8, the House seven days later. Both houses hope to be through by the weekend before Labor Day. What the 28 days between will produce by way of legislation and Presidential fortunes depends in great measure on what happens in Los Angeles, where the Democrats are meeting to write their 1960

party platform and select a nominee.

• Johnson's Decision—Senate Majority Leader Lyndon B. Johnson has the most immediately at stake. It was his decision—concurred in by his friend and confidant, House Speaker Sam Rayburn—to recess Congress for the conventions despite the heavy burden of unfinished business. The alternative was to try to jam as much as possible into the last days before the conventions and then adjourn.

It was a sudden shift for Johnson. For months, as an active but then still unavowed candidate for the Democratic nomination, he had planned to go to Los Angeles with a record of completed legislation as his chief claim for attention. But he had not figured on the sweeping gains made in recent weeks by Sen. John F. Kennedy in the race for delegate support, or on the delaying tactics of the Southern Democratic bloc in Congress

Kennedy moved so swiftly that shock tactics were needed if Johnson were to stay in the picture. And Southern opposition had so effectively slowed the legislative machinery that Johnson could no longer hope to deliver the package of social reform measures he had counted on to win Northern and Western support at the convention.

Johnson and Rayburn made their move so quickly that both Republicans and the Kennedy forces were caught off guard. A week later, when Johnson finally announced his candidacy—just before leaving for Los Angeles to confront Kennedy—professionals in every camp were still trying to assess the implications.

• If He Wins—To Johnson, it is all or nothing. If he can derail Kennedy and come back to Washington as the party's nominee, he will be in a position to put on a spectacular show as the party's master strategist, guiding popular legislation and challenging Richard M.

Johnson as majority leader and Nixon as Senate presiding officer have clashed before, with Johnson more often than not the winner on technical points. Johnson would like nothing better than to have Nixon, as the GOP nominee, available for needling all through the

August session.

Because Johnson has the backing of the Democratic Southern bloc, he could probably make good on the legislative package he has in mind—health aid for the aged, a more liberal minimum wage bill than that passed by the House, school construction aid, a housing bill more conservative than one passed by the House but more likely to be signed by Eisenhower. He might even try to push through a wheat price support plan designed to lure Great Plains and Midwestern farm votes.

• If He Loses—But if Johnson misses and the Los Angeles prize goes to Kennedy or some compromise candidate, the result could be a legislative madhouse in Washington during August—and considerable damage to Democratic hopes

in November.

Johnson would be a man repudiated by his party, with prestige and power reduced.

The Southern Democrats in Congress, using the great power of committee chairmanships, would be free to disregard the party platform and the wishes of the nominee. They could team up with the Republicans to throw legislation to the conservative side.

• Stakes for Kennedy-Kennedy would be in a vulnerable position as the nominee. He would leave Los Angeles as the leader of his party. But he would then have to resume his modest place as a junior senator in the back row of the chamber, outranked within the "world's most exclusive club" by the men he had just beaten for the nomination.

If Johnson is embittered, or the Southern party sets out deliberately to wreck the kind of legislation Kennedy favors, Kennedy could be put in one awkward spot after another. GOP strategists are predicting that this is what will happen among the Democrats—and they think that it can only help Nixon and

How Lawmakers Doled Out Cash

	100	
APPROPRIATION (mi	WHAT EISEN- HOWER ASKED illiens of dollars)	WHAT CONGRESS GAVE (millions of dollars)
District of Columb	ia\$242.4	\$239.5
Commerce	799.6	729.6
Interior	550.3	557.7
Office, Tax Cou	rt 4,000.9	4,000.8
NASA (1960, supplemental)	23.0	23.1
Second supplemen (1960)	tal 1,000.0	955.3
Defense	3,933.5	3,999.7
Agriculture, Farm Credit Admin	4,135.3	3,994.1
Legislative	133.4	129.5
Military construct	ion1,188.0	994.9
Public works, exce	pt AEC . 1,325.7	Still pending
AEC	2,675.3	Still pending.
Mutual Security .	4,175.0	Still pending
Labor and HEW	4,020.2	Still pending
Executive offices	11.0	10.9
State, Justice, judi related agencie		Still pending
FAA		690.5
NASA	915.0	915.0
Veterans Admin.	5,398.0	5,363.3
All other indepen	dent 1,390.9	1,343.1
Suplemental	169.3	138.3
Miscellaneous	3.36	3.33

WHERE CONGRESS PRUNED (OR ADDED)

Less for highway trust fund and SBA

Less for maritime subsidies, Air Force, Social Security, urban renewal, national park. (More for school districts.)

(More for procurement, mainly missiles, and for R&D.)

Less for conservation reserve and Commodity Credit Corp.

Less for Army in continental U.S.

Less for pensions and compensations.

Less for GSA, OCDM.

Less for Commerce, D. C. (More for Agriculture, Capital renovations.) other Republicans in the campaign.

Rather than remain on the floor, and risk being cut up by his opponents in both parties, Kennedy might even advise Congress to wait for the new leadership he is promising after the election and leave Washington for active campaigning.

Students of political form charts have a solution for Kennedy: make Johnson his running mate, thus bestowing some fresh prestige on Johnson, assuring his active support, and perhaps even keeping the Southerners in line. But this has little appeal to the powerful Northern Democrats who are the backbone of the Kennedy drive.

• Nixon's Chances—The Vice-President could emerge from a Congressional Democratic free-for-all unscathed and even strengthened, particularly if the Southern Democrats and not the Republicans are the chief opponents of the social legislation still on the books.

Risk for him would come only if the Johnson-Rayburn team succeeds in getting the Southern and Northern Democratic parties to work in harness, producing medical, housing, school, minimum wage, and other legislation that Eisenhower would eventually veto. By and large, Nixon leans toward the same kind of social legislation that Kennedy and other Northern Democrats favor, though on a lesser scale. It would be embarrassing to Nixon if Eisenhower killed off a flurry of social legislation with a flurry of vetos. Nixon might have to respond by disassociating himself somewhat from the Eisenhower position as the campaign develops, rather than hand over the basic, pocketbook issues to his Democratic opponents.

• Spotty Record—So far this year, Congress has done little to make a legislative record for either party. Its biggest achievement is a civil rights bill designed to secure Negro voting rights. It also adopted a routine extension of corporate income taxes and excises, passed most of the appropriation bills (table, left), and jammed through a revision of the Sugar Quota Act just before recessing for the conventions (page 34). The Senate ratified the Japanese security treaty.

There's little in these actions to excite voters, and the political leaders of both parties realize it.

Republicans are satisfied to have the Democrats fail in August as they did the first six months of the session. The risk is being taken chiefly by the Democrats. Whether August turns out to be a fiasco or an exercise in responsible lawmaking, Democrats have the most to gain and the most to lose. Right now, the odds point to a fiasco—or to 28 days of bad-tempered, heat-ridden, politics-haunted maneuvering with little to show at the end.

Unfinished Business for August Sitting

ISSUE:

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WHAT HAS BEEN DONE SO FAR:

WHAT MAY BE DONE IN AUGUST:

HOUSING AIDS

House version, costing \$1.5-billion and broadening program, is blocked by House Rules Committee. More modest Senate version spreads funds over longer time.

Senate version is favored by Lyndon Johnson, seems likely to get past House Rules Committee, and might be signed by Eisenhower.

DEFENSE PROCUREMENT

To increase advertised bidding, bill would restrict negotiated purchases and incentive-type contracts.

Senate likely to approve if bill—not top priority—gets on August agenda.

TAX DEFERMENT ON PROFITS EARNED ABROAD

Passed House, now before Senate Finance Committee.

Seems likely to stay blocked in committee.

TAX BREAK FOR PENSION PROGRAMS OF SELF-EMPLOYED

Passed House and approved with changes by Senate Finance Committee. Faces extended debate.

Fought by Senate liberals; has 50-50 chance.

AUTHORIZATION FOR NEW WATER PROJECTS

With acceptance by House conferees of 75 new projects costing \$900-million proposed by Senate, bill now approves 130 projects eventually costing \$1.5-billion.

Sent to White House by Congress—but may be vetoed.

BURNS CREEK HYDRO PROJECT

\$50-million Snake River project passed Senate, awaiting House approval.

Public power advocates hope for easy victory.

MINIMUM WAGE

House has voted \$1.15 minimum and extended coverage to retail chain workers. Broader bill, backed by unions, has O.K. of Senate Labor Committee.

House version seems firmly entrenched.

CONSTRUCTION SITE PICKETING

House Rules Committee is bottling up bill favored by Labor Committee to eliminate Taft-Hartley restrictions.

Labor leaders, outfoxed by House conservatives, will keep up the pressure.

LEAD-ZINC AID

House backed small-mine price of 17¢ for lead, $14 \frac{1}{2} ¢$ for zinc. Approved by Senate Interior Committee.

Senate seems likely to go along with the subsidy, but it is opposed by Administration and may be vetoed.

Move to double zinc and lead import restrictions has committee approval in House, is pending before Senate Finance Committee.

Less chance than the subsidy.

URBAN TRANSIT

\$100-million loan program proposed to help cities improve subways, buses, highways. Mayors want it, Eisenhower opposes. Chances are fair for grants to finance planning, slight for loans.

SCHOOL CONSTRUCTION

Senate and House passed different bills to provide about \$1-billion in matching grants over four years; House Rules Committee is blocking a conference.

Modified version will probably pass and President will sign.

MEDICAL AID FOR AGED

House has passed bill to subsidize care for the needy; Senate plans to strengthen measure, perhaps basing programs on Social Security. Eisenhower opposes placing program under Social Security; prospects very much up in air.

SALINE WATER CONVERSION

Senate has passed bill doubling authorization for research and development; now in House committee. It may get lost in adjournment shuffle.



Stiff upper lip . . .



tearful promises



. . parental qualms.



Summer Camps: Low

"Now I know how they feel when they sweat out a count-down at Cape Canaveral. If that train breaks down and those kids come streaming out again, I'll explode." The remark, over-heard at New York's Grand Central Station (pictures), came from a parent whose 10-year-old son and some 525 other small fry had just been corralled and loaded on to a train. The kids were off to summer camp.

Last week, millions of them, armed with enough paraphernalia to make an infrantryman shudder, descended on major U.S. bus and railroad stations. Amid a confusion of swim fins, tennis rackets, favorite dolls, and box lunches, oldtimers at New York's Grand Central renewed acquaintances and old feuds. New campers stood timidly aside.

In general, parents of the departing

campers looked forward to a summer of peace. "They can well afford to re-lax now," said Mel Silver, director and owner of the swank (\$800 per season) Camp Red Wing, "because their responsibility ends for two months and mine just begins."

Why do parents send their kids to camp? "My son is 20 lb. overweight," said one. Another wants to "get that walking vitamin pill out of my hair for a while." A third said, "We're heading for Europe this summer, and what else can I do with my small daughter?" One father summed up what was in everyone's mind: "I don't know exactly why I'm sending mine, but I do know that every time one of those kids boards the train, I can hear a cash register jingle." • 5-Million Cash Registers-If this

father had turned up his tuner, he











ALL ABOARD: On the train, youngsters roughhouse, read comics, even get a little sleep. About 5-million kids will swarm into about 13,000 summer camps ranging from free charity camps to "private, for profit camps" where the tariff runs as high as \$1,000 for the two-month season. This year, nearly all camps were booked solid by Apr. 1.

Profit but What a Volume

might have heard 5-million cash registers jingle, because that's the number of kids who will go to summer camp this year. They will pour into about 13,000 camps, ranging from the free charity camps, to the organizational camps, to the elite "private, for profit" camps. These camps represent an investment of approximately \$650-million, and each year it takes about \$360-million to run them.

• Hard Facts—The volume would be impressive if it were not for one fact: Summer camps are not very profitable. In the first place, the charity and organizational camps, which represent 86% of all U.S. camps, aren't run for profit. They rely mainly on donations and take in as many campers as their funds allow.

This leaves the 2,700 "private, for

profit" residence camps. In theory, these are run for profit. But the theory breaks down. The charitable preponderance in the business limits the scope of enterprise. Operating costs—salaries, food, insurance—are high too. Only a handful of the more expensive ones, with tuitions ranging from \$800-\$1,000, do well. The rest bring in only modest profits ranging from 5¢ to 8¢ on the dollar, before taxes.

• For Example—Take the case of Mel Silver, owner of Camp Red Wing. His camp accommodates 125 girls. Each parent pays \$800 for the eight-week season. This means that Camp Red Wing brings in about \$100,000 a year. "But after expenses, we're lucky if we can gross 20¢ on the dollar, before taxes, and out of this we have to make annual improvements on the camp."

Silver says. "If, at the end of the season we decide to put in a few more tennis courts, or if we want to replace a few sailboats, all of this money goes down the drain."

Why then did he go into the camp business? "I'll never become a millionaire, but I do make a moderate living, I like to work with kids, and I only have to work about six months a year."

• Other Than Money—This is pretty much the reasoning of other camp owners. Because the profit picture is not so bright, most of them come into the business for reasons other than big money. Herman Seiner, owner of Camp Idlewild (120 boys at \$700 per summer), was in social work before turning camp owner. "As a social worker, I figured to get at the roots of problems before they begin, so I decided to work

with kids during the summer." The same is true for Colba Gucker, owner of North Country Camps (85 boys, 75 girls at \$550 per season).

• Camp Shortage—Unfortunately for the youngsters, there aren't many altruistic people around. So there are less summer camps than are needed. This year, most parents who hadn't signed up by Apr. I were out of luck.

This problem sometimes has a lighter side, too. One New Jersey mother who missed the deadline hastily called as many private camps as possible. When one director replied that he could take her 14-year-old daughter for the summer, the elated mother signed up immediately. Three weeks later she called again to find out if the daughter would need any special camp uniform. She was horrified by the answer: "There is no special uniform, in fact no clothes are needed." It was a nudist camp.

• Business for Many—The camp industry, as a whole, pours money into a lot of segments of the nation's economy. The American Camping Assn. estimates that the industry provides about 15,000 vear-round jobs. In the peak summer season, jobs swell to 200,000. Of these, about 150,000 are counselors who get paid from \$200 to \$800 for the season.

Insurance companies say there's a potential of \$3-million in premiums on policies other than the huge property coverage. Advertising media draw a

good \$750,000 this year.

Stores and suppliers likewise love the camps. Many of the larger ones list camps to whose clientele they cater. Macy's in New York has a list of 266 camps. The store will assemble everything that Junior needs. If you place the order before June 1, Macy's will pack his trunk and sew on all name tags—free.



CAMPERS switch to a chartered bus at Albany, N. Y., for the last leg of the trek.

Pattern of Indictments

The barrage of indictments that Philadelphia federal grand juries have been pouring down on the electrical equipment industry came to a climax—but not an end—last week when the jurors handed down an indictment charging illegal price-fixing in sales of turbine-generator units.

This is by far the most important single product in the industry, and obviously has been the one toward which the government network of charges has been moving. When the indictment finally came, the courtroom response was more one of "well, they got to it at

last" than of surprise.

Whatever surprise courtroom observers are capable of showing had been pretty well used up in the electrical equipment cases. The turbine-generator indictment is the 18th to come out of the investigation, and one grand jury-there have been four in the investigation-is sitting through the summer, actively hearing testimony, according to William L. Maher, the Antitrust Div. attorney heading the investigation: The 18 indictments presented so far cover equipment with total annual sales of \$1.7-billion, according to government estimates. Turbine-generators make up \$400-million of this.

• Explicit Charges—All the subsequent indictments have followed the pattern of the first batch—a pattern that has dumbfounded even some veteran watchers of Justice Dept. activities because of the explicit nature of the charges.

These indictments don't rely upon the circumstantial and statistical evidence—the maze of charts, graphs, and deep-domed economic testimony about price levels—that comprise most antitrust cases. Instead, they spell out the particulars of alleged conspiracies—they list dates, places, code words, and paint pictures of clandestine meetings in posh hotel suites where prices were raised, business allotted, and the bids rigged.

• Implied Collusion-Although the indictments certainly imply that collusion on prices has been customary in the electrical equipment industry, they don't show a grand plan for the conspiracies, but treat each group of products quite independently. Of the 47 individuals named as defendants in the cases, none is named in more than two, and only eight are named in that many. When one company is involved in many different cases-General Electric Co. and Westinghouse Electric Corp. are each named in 17 of the 18the government has not charged any master agreement among the various types of equipment.

· Names and Places-The turbine-gen-

erator indictment handed down last week—naming General Electric, Westinghouse, and Allis-Chalmers Mfg. Co. as well as two GE and two Westinghouse officials, as defendants—is typical of the lot. It charges that the three companies have been conspiring since at least November, 1955, to set prices and to submit noncompetitive bids.

November, 1955, is when the government charges that representatives of the three defendant corporations met in New York City to parcel out the turbine business for the nuclear-powered electric generating plants that were then

being planned.

At that meeting, the indictment asserts, it was agreed that GE would have a "position" in supplying the plant being built by Commonwealth Edison Co. (Chicago), Westinghouse would have a "position" on the Consolidated Edison Co. (New York), and A-C on the Detroit Edison Co. Each of the other companies would bid on the business, but would quote a higher price than that quoted by the company with the "position."

The indictment lists other examples of alleged collusive bidding. One involved a turbine sale to the city of Sikeston, Mo. Allegedly, the representatives of all three defendant corporations met with those of three co-conspirators (Carrier Corp., De Laval Steam Turbine Co., and Worthington Corp.) at Skytop, an expensive Pocono Mt. (Pa). resort, on May 21, 1957, to decide who was to get the Sikeston business. The indictment claims they finally decided to draw lots, and that GE won.

Similarly, the defendants allegedly met at the Barclay Hotel in New York City in September of that year to decide who was to get the order for a 500,000-kw. turbine-generator the Tennessee Valley Authority was buying. GE allegedly got the nod, submitted a bid of around \$16,112,000—the Westinghouse bid was \$16,225,000.

• Price Fixing—The indictment charges that representatives of the companies have had frequent other meetings since 1955 at such places as the Biltmore, Commodore, and Statler Hotels in New York, the Sherman House in Chicago, the Warwick in Philadelphia, and the Homestead at Hot Springs, Va.

Among other things, these meetings led to two definite price increases in turbines and one price "adjustment," according to the Justice Dept. The "adjustment" took place Apr. 15, 1957, and soon after that the three defendants allegedly agreed to boost prices 5%. General Electric was to be the first to announce the changes, and the company did so June 10. Less than a year

on Electrical Equipment

Westinghouse Electric Corp	PLEAD JULY 11 O NOT GUILTY GUILTY	\$125-MILLONICHGEAD	CIRCUIT BREAKERS		INSULATORS \$28-MILLIORS	LIGHTWING ARRESTOR	OPEN FUSE CUTOUTE	BUSHINGS	POWER \$35.MIL SWITCHING E	MARINE SWITCHGEAD	SOLATED PHASE BUILD	POWER TRANSFORME	DISTRIBUTION TRANSCE	SIS-MILL TRANSFORMERS	INSTRUMENT TRANS	INDUSTRIAL CONTROL	\$200-MILLIAGE DISTRICT	CONDENSERS \$32-MILLION	TURBINE GENERATORS
Allis-Chalmers Mfg Co									•			•	•	•	•	0	0		
Allis-Chalmers Mfg Co					•		•		•	•				•	•	0	0		
Pederal Pacific Electric Co		•										•	•	•	•			0	0
Pederal Pacific Electric Co	I-T-E Circuit Breaker Co			•			•			•							0		
Lapp Insulator Co.	Federal Pacific Electric Co								•								0		
Lapp Insulator Co.	Ohio Brass Co					•	-												
A. B. Chance Co																			
McGraw-Edison Co H. K. Porter Co Hubbard & Co Joslyn Mfg. & Supply Co Southern States Equipment Corp. Schwager-Wood Corp Moloney Electric Co Wagner Electric Corp Kuhlman Electric Co Allen-Bradley Co Clark Controller Co Square D Co Foster Wheeler Corp Carrier Corp	Porcelain Insulator Corp																		
H. K. Porter Co	A. B. Chance Co																		
Hubbard & Co	McGraw-Edison Co				•														
Joslyn Mfg. & Supply Co	H. K. Porter Co								•										
Southern States Equipment Corp. Schwager-Wood Corp	Hubbard & Co																		
Schwager-Wood Corp Moloney Electric Co Wagner Electric Corp. Kuhlman Electric Co Allen-Bradley Co Clark Controller Co Cutler-Hammer, Inc Square D Co Foster Wheeler Corp Carrier Corp	Joslyn Mfg. & Supply Co																		
Moloney Electric Co	Southern States Equipment Corp.																*		
Moloney Electric Co	Schwager-Wood Corp																		
Kuhlman Electric Co	-												•	•					
Allen-Bradley Co	Wagner Electric Corp																		
Clark Controller Co	Kuhlman Electric Co																		
Cutler-Hammer, Inc. O O Square D Co. O O Foster Wheeler Corp. O O Carrier Corp. O O	Allen-Bradley Co															0			
Square D Co	Clark Controller Co															0			
Foster Wheeler Corp	Cutler-Hammer, Inc															0	0		
Carrier Corp	Square D Co															0	0		
Carrier Corp																		0	
	Carrier Corp																	0	
ingerson-rund co	Ingersoll-Rand Co																	0	
C. H. Wheeler Mfg Co																		0	
Worthington Corp	Worthington Corp						-											0	

later, the government claims, the companies agreed to an additional 3% increase, and again GE was assigned the job of being the first to announce the change.

On Dec. 2, 1958, another paragraph of the indictment claims, representatives of all six companies met in New York and "agreed, among other things, that on sealed bids the manufacturers

would quote no lower than approximately 3% off published book prices, and that on transactions involving price negotiations the manufacturers would quote no lower than approximately 5% off published book prices."

The government ends its charges with the claim that in discussing the price-fixing agreements, the corporate officials involved adopted "various pro-

cedures . . . for the purpose of avoiding detection, including telephone calls to and from residences of company officials, and the use of public telephone pay stations."

Other indictments list other dates and meeting places—the Traymore and Haddon Hall in Atlantic City; Holiday Inn in St. Louis; the Union League in Chicago; Camp Keystone, North Bay, Ontario; and often just "a motel near the airport"-but the allegations are

essentially the same.

· "Phase of the Moon"-In products with bigger unit sales, more complicated systems of allocation allegedly were worked out, including the "phase of the moon" system mentioned in the

power switchgear charges.

In this system "through cyclic rotating positioning inherent in the formula, one defendant manufacturer would quote the low price, others would quote intermediate prices, and another would quote the high price; these positions would be rotated periodically among the manufacturers. This formula was so calculated that in submitting prices to these customers the price spread would be significantly narrow so as to eliminate actual price competition among them, but sufficiently wide so as to give an appearance of competition. This formula permitted each defendant manufacturer to know the exact price it and every other defendant manufacturer would quote on each prospective sale." In some cases, one company was appointed the administrator of the allotting plan.

· Strong Case-With charges as specific as these, most neutral observers figure that the government must have a strong case ready. Allis-Chalmers and some of its employees already have pleaded guilty in their arrangements, and I-T-E Circuit Breaker Co. answered guilty in one case. Some Washington savants are predicting other companies will change their pleas to guilty before the trial rolls around. That trial is now scheduled to begin Sept. 19.



Could Pipeline Dodge FPC?

The natural gas industry was abuzz this week with reports that Tennessee Gas Transmission Co. is planning a major pipeline to move U.S. gas to Southern California via Mexico-and thus perhaps avoid the jurisdiction of the Federal Power Commission.

If the company goes ahead, the result might be a regulatory row fought clear to the U.S. Supreme Court.

Tennessee Gas has declined to comment on reliable reports that it intends

· Spend \$165-million on the projcct, which consists mainly of a 1,200mile gas pipeline extending almost from the Gulf of Mexico to near the Pacific Ocean (map).

• Get its gas supplies—an initial total of about 370-million cu. ft. a day -mostly from East Texas and partly

from northern Mexico.

· Run the Texas gas across the Rio Grande to near Reynosa, Mex., join it with gas produced by Pemex, the Mexican national petroleum company, pipe the commingled gas to the California border for sale to California Edi-

If the plans remain firm, Pres. Lopez Mateos of Mexico is scheduled to announce the project from Mexico City on Sept. 16, the 150th anniversary of Mexican independence from Spain and 50th celebration of the Mexican revolu-

· Legal Question-There is widespread disagreement whether Tennessee Gas could successfully avoid FPC control with such a plan. FPC officials are quiet on the subject, but some knowledgeable Washington authorities insist that Tennessee would jump into U.S. jurisdiction at least twice-when the Texas gas leaves the U.S., and when the gas, commingled or not, is imported into California.

FPC has frequently authorized importation of gas, particularly from Canada, and also from Mexico. But import permits have been required, and the commission is the President's most powerful adviser on the granting of a permit. When FPC asserts jurisdiction, it also requires an export permit from the foreign country. Canada at times has been reluctant to grant export permits; Mexico, on the other hand, would be happy to allow Tennessee Gas to bolster the Mexican gas business.

Gas men who think that FPC has jurisdiction maintain that the entire dispute was settled when the commission certified its first case of imports from Canada, sought successfully by Montana Power Co. The Montana company brought Canadian gas across the border -crossing only the international border-but the transaction was adjudged as interstate commerce and thus subicct to FPC rule.

Others in the industry think Tennessee Gas may well have come up with an ingenious plan to circumvent federal

Still another group doubts that Tennessee Gas has any thought of dodging FPC, figuring that the Mexican route might be chosen simply because of lower labor costs.

· Availability-The gas industry also wonders about availability of gas reserves. A daily transmission of 300-million cu. ft. of Texas gas would require huge reserves, since supply contracts are normally written for 20 years. Most such large reserves of gas in Texas are committed or are under wraps. Where Tennessee would get the Texas gas, no one seems to know. The Mexican share-about 70-million cu. ft. a day-probably could be supplied relatively easily by Pemex.

Another problematic aspect is the market for the gas. Southern California Edison supposedly would use the gas to fire burners in its power plants-a use FPC frequently has frowned on.

Two other major pipelines propose to transmit gas to Southern California. Transwestern Pipeline Co. will begin deliveries of 300-million cu. ft. per day within a few weeks, with California Edison as one customer. El Paso Natural Gas Co. has pending before FPC a proposal to deliver Rocky Mountain gas to the California line, starting at 450million cu. ft. per day.

• Earlier Controversy-If Tennessee Gas and FPC become the star performers in a new battle royal on federal regulation of gas, such an event would be the second pairing of the two this year. It was Tennessee Gas' lawyer-lobbyist, Thomas G. Corcoran, whose activities spurred a recent House investigation of off-the-record contacts of the gas industry with members of FPC.

At the time, Tennessee Pres. Gardiner Symonds, known in the industry as a tough infighter, said his company had every right to discuss a pending case with commission members.

Several commissioners testified, however, that they thought Corcoran's contacts were less than proper.



TV CONVENTION coverage will be streamlined, with programs timed and speeches cued for best TV effect-but with . . .

Sponsors Coy, Nets Hold Bag

Former Pres. Harry Truman and Senate Majority Leader Lyndon Johnson are not the only ones disturbed at the possibility that next week's Democratic convention may turn into a "prearranged affair." Nervous TV network officials and their sponsors have been shuddering at the spectre of a Kennedy steamroller that could flatten the suspense out of their big political spectacular.

For the conventions and election night have taken on the aspect of highly expensive star attractions on which television is massing its most up-to-theminute equipment (picture). Next week, the networks figure to pick up a minimum of 22 hours of political programing—most of it knocking out their most lucrative regular programs in the prime evening time. Two weeks later, they will present another 15 hours worth of the Republican convention, blocking out four evenings of regular TV fare.

Even though their actors perform for free, the nets figure it will cost them \$19-million (including the time charges of the canceled shows) to present their political program package.

political program package.

• Sponsor Trouble—In past political seasons, the networks have been willing to sustain moderate losses on their political packages, on the theory that this kind of coverage helps to discharge their public service responsibilities and to ingratiate them with politicians of

both parties. This year the losses promise to be anything but moderate.

The nets have run into stiff sales resistance from potential sponsors. At midweek, NBC and ABC still had substantial chunks of unsold time on their hands. And the bulk of the time they have sold will be sponsored at sharply knocked-down prices. CBS has lined up Westinghouse Electric Corp. for the third straight time, but not on terms that will cover its costs.

Though Westinghouse will sponsor the entire show for close to \$6-million, CBS figures it will be about \$2-million out of pocket. At that, CBS apparently had to offer the additional inducement of letting Westinghouse drop a sponsorship commitment it no longer wanted on a regular program.

While there are several sound marketing reasons for shying away from convention sponsorship, the fear of a prearranged affair looms largest. With Nixon's nomination seeming virtually assured for months, potential sponsors have waited to see if Kennedy could foreclose the Democratic nomination in

• Tailored to TV-Except for guaranteeing a finish fight, both parties have done everything to groom themselves for TV. Instead of the traditional exuberant, undisciplined conventions, this year's affairs will be oriented toward TV's watching eyes—eyen in timing. Sessions for the Democrats will start

in awkward afternoon hours in order to reach the large audience on Eastern Daylight Time during its best viewing hours.

Officials of both parties will keep all schedules in proper showbiz trim. Nominating speeches, which used to ramble through endless descriptions of "the man who . ." will be held to 20 minutes, seconding speeches to five or 10 minutes. The Republicans have put time limits on all speeches except Eisenhower's, Hoover's, and Nixon's.

The Democrats have imposed a strict 30-minute limit on the floor demonstrations that typically explode for each candidate nominated and compete in staying power. And there's a further curb: "Each candidate may bring 50 supporters onto the floor for the demonstration and 20 musicians of his own."

A staff of prompters will see that all officials perform strictly on cue.

• Three Years of Whistlestopping—The parties' desire to please is natural when you consider the audience involved. According to a special A. C. Nielsen study of TV coverage of the 1956 conventions, the three networks combined reached a total of 33.8-million homes—some 93% of all televised homes.

Since then, the number of televised homes has grown from 36.5-million to 45.2-million. Some network press agent has figured it would take a politician three years of whistlestopping to appear before the same audience he reaches

in one sweep of the TV cameras at a

• Equal Time Maneuvers—The political potential of a medium capable of reaching such a multitude of voters has been responsible for an increase in legislative maneuvering by nets and politicians over the question of equal time for all candidates (BW—Jul.25'59,p24).

Congress has exempted news coverage from equal time requirements, but these still apply to prearranged shows, such as interview programs. The nets have been asking Congress to lift the rules so they may present fuller treatment of the upcoming Presidential campaign, and have dangled the prospect of some 21 hours of additional free prime time for major party candidates. But they insist on retaining editorial control over programs.

Before recessing, the Senate passed a compromise bill which would suspend equal time requirements for the balance of the campaign, leaving editorial control in the hands of the networks. While the House is likely to pass this bill when it reconvenes on Aug. 15, several considerations might sidetrack it. Though the parties would welcome additional free air time, Congress, by allowing the networks editorial discretion in coverage of political events, would be permitting them to play a measure of politics.

• Sponsors' Plans—Despite the attraction to politicians of the conventions' vast audiences, sponsors have been more reluctant than in previous years. Westinghouse signed up for the entire CBS package two years ago as part of a long-standing advertising program. As sole sponsor, it acquires an outstanding vehicle for institutional messages; but it plans some heavy product sell, too. The convention will kick off a big "people's choice" promotion featuring every kitchen appliance except the sink.

NBC at first tried to sell a similar semi-institutional package, but wound up selling about three-fourths of its available time, after some price dealing, to a wide assortment of advertisers. These include B. F. Goodrich Co. and its dealers, Look magazine, Brown & Williamson Tobacco Corp., and Field Enterprises, Inc., publisher of a child's encyclopedia, While their pitches will range from Look's institutional to B&W's hard sell, all seem interested in reaching the big, cumulative, if low-frequency, audience the political package offers. B&W and Goodrich will present new product messages.

It wasn't until early this week that ABC made a deal with Mutual of Omaha for almost half its convention coverage. ABC won't say what discount finally sold the insurance company, but ABC executive Slocum Chapin concedes "it wasn't what we were asking last winter."

Steel Tops List in Layoffs

Reduced production has pushed the industry's roll of jobless—and underemployed—above the worst levels of the 1958 dip. So far, the layoffs haven't been very contagious.

David J. McDonald, president of the United Steelworkers, reported glumly a few days ago that one-third of the union's members are either unemployed or underemployed—working less than a full 40-hour week. The union head estimated the number at 480,000, or roughly 80,000 more than were idle or on a short week at the bottom of the slump in 1958.

According to McDonald, a union survey of 3,000-odd locals showed:

 Nationally, 130,000 unemployed on July 1, compared with 200,000 at the worst of the recession two years ago. Some 85,000 are in basic steel.

• An additional 350,000 underemployed, by the union's figures nearly twice those on short weeks in 1958.

McDonald's statistics gave a sharp picture of how much impact the slump in steel production has had on employment. However, its focus is only on one segment of the national economy.

• Focus on Steel—The steel unemployment and underemployment are serious. There's no doubt of that. The companies are laying off more and more people each week. Some mills that normally would have had only a long July 4 weekend shutdown extended their closing for an additional week. Other curtailments are planned.

However, BUSINESS WEEK reporters across the country found early this week that layoffs are much lighter in most other industries. One exception is the railroad industry with its mounting troubles (BW-Jul.2'60,p64). The Pennsylvania laid off 2,200 more this week to bring the total since the first of the year well above 5,000.

• Consensus—But most employers apparently agree:

• Outside the steel industry, layoffs are no major worry today—they're not excessive and for the most part are for a short time only, not indefinite.

 Auto employment has been high and is expected to be high this fall when stepped-up production is scheduled (BW-Jul.2'60,p81). But model changeovers will mean plant shutdowns and layoffs beginning this month. This also may mean a cut in jobs in plants of automotive suppliers.

 Steel is the weak spot in the economy; when its production turns up again, other industries expect steel's gains to be reflected in their operations –and employment levels.

• General Outlook-July is a popular month for plantwide shutdowns. Many plants are closed—or will be. This means layoffs for workers not entitled to vacation time, but it's standard procedure. Some employers concede the shutdowns couldn't be timed better to ease inventory problems.

"Somewhat more than seasonal" layoffs have occurred generally, but they haven't been severe outside the steel industry. Pittsburgh, Chicago, Philadelphia, and New York reported that. So did Detroit, where auto furloughs loom. Reports from other key areas:

Minneapolis-St. Paul—Some minor layoffs have occurred, but no further cuts are in sight.

Cincinnati—Unemployment is now 14,500 as compared with 10,000 a year ago, and the Armco Steel Co., at Middletown, plans to shut down in midJuly for plant maintenance work that will idle 1,750 more. That's the only major layoff in sight.

Cleveland—Layoffs have not reached serious proportions, and no new furloughs are in sight.

St. Louis—Layoffs haven't been widespread, and there's little fear of major employment reductions in the near future. The biggest worry is the huge McDonnell Aircraft plant, which has been laying off steadily and expects to cut at least 3,000 from its work force of 23,000 by yearend

of 23,000 by yearend.

Louisville—Metalworking industries have been hard hit by layoffs; employers say "inventory adjustments" are responsible. General Electric's Appliance Park plants laid off 6,000 in recent weeks—but the off-time was in part a vacation.

Birmingham—Layoffs have been heavy and long in the steel industry, and reductions are reported minor to fairly serious in aircraft, cement, foundries, and fabricated metal companies.

Houston-No layoffs "to amount to anything in months; to the contrary, employment is up significantly in some fields-construction, wholesale and retail trade, and tool manufacturing."

San Francisco-No major layoffs now outside the steel industry.

Los Angeles—Heavy aircraft layoffs (20,000 in 13 months) have hurt. About 6% of the insured work force is jobless.

Buffalo—The steel work force has been hurt by layoffs, with only 20 of 47 open hearths operating. Outside the steel industry, only "a few minor layoffs in the automotive field" showed up.

Boston—Generally speaking, employment is stable—with few layoffs—except in steel and closely related industries.



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U.S. Shows Its Fist to Castro

Cutting Cuba's sugar quota signals switch from verbal protests to returning Castro's punches.

With Russia moving to Castro's aid on oil, perhaps egging him on, Cuban question becomes part of cold war.

 U.S. will likely seek OAS support, but must proceed warily to avoid disturbing Latin American relations.

The U.S. this week started counterpunching with Fidel Castro's Cuban government. Until now, the U.S. has let Castro throw all the punches, and has confined itself to verbal protests.

This shift in tactics was part of a series of events that piled up quickly:

• At midweek, Pres. Eisenhower cut 856,000 tons off the amount of sugar that Cuba will be permitted to ship into this year's U.S. market. This represents all but a cupful of what remains of Cuba's subsidized sugar quota. The Dept. of Agriculture, anticipating the President's action, had already stopped Cuban sugar shipments (page 113).

• In Havana, Castro made ready to take over U.S.-owned properties not already under Cuban government control. Already, about half of the \$1-billion in U.S.-owned properties in Cuba has come under one form or another of Cuban government supervision.

Earlier, Castro had grabbed control of three oil refineries, owned by Standard Oil of New Jersey, Texaco, and the British Royal Dutch-Shell Group, because they refused to refine imported Russian crude oil. The seizure stopped the flow of crude supplies from Cuba's normal source, Venezuela. But tankers are on the way from Russia to help fill Cuba's needs.

• Effect on Cuba—At midweek, the full impact of all this on Cuba was not yet clear. Certainly, the sugar quota reduction will hurt, but its effect will not be serious for the rest of this year. Cuba has already shipped 75% of its allotment for 1960. If the cut is continued and perhaps made deeper next year, the effect will be more marked.

As for oil, much depends upon how much Russia can send. Cuba consumes about 65,000 barrels a day and relies almost entirely on oil to generate power. At midweek, oil industry observers figured Cuba had about 10 days supply on hand. This month, Russia began shipping at a rate sufficient to provide only two weeks supply per month. It has plenty of oil to ship, but not enough tankers. Most shippers, however, think that Russia can get the necessary tankers, with the tanker business currently in a slump.

Moreover, at the last meeting of Comecon, the Soviet bloc's economic coordinating organization, a committee was formed to underwrite the Cuban economy, should Cuba make a complete break with the U.S. In addition to Russia, Czechoslovakia and East Germany are reported ready to supply even consumer goods to Cuba.

• Russian Aims—With Russia getting so forcefully into the act, the question of U.S.-Cuban relations has taken on much wider implications. What started as a neighborhood feud has got fully caught up in the power struggle between the U.S. and Russia. The Soviet Union clearly wants to make Cuba its base for economic and political penetration of Latin America. The U.S., obviously, wants to prevent the establishment of a Soviet satellite so close to home.

There's also serious speculation in Washington that Russia, through the Castro government, is trying to lure the U.S. into armed intervention in Cuba. The Soviet Union would dearly love to have an opening to call for world denunciation of the U.S., to repay us for leading world condemnation of Russian suppression of the Hungarian revolt.

As Washington's thinking now stands, however, such intervention would come only if Cuba allowed Russia to establish military or naval bases there, in violation of the Monroe Doctrine, or if Castro's army attacked the U.S. naval base at Guantanamo Bay.

· Delicate Balance-Even without the Russians stirring things up, the Cuban affair makes U.S. relations with the rest of Latin America extremely delicate. The U.S. must face up to Castro and show him he can't get away with his high-handed treatment of U.S. interests, or be confronted with similar situations elsewhere in Latin America. At the same time, Washington feels it must not further disturb its shaky relations with Latin American nations by acting rashly. Many Latin Americans have supported Castro, happy to see someone stand up and shake his fist at "Tio Sam."

Privately, some Latin American leaders would like to see Castro ousted for fear that Cuban Communism will spread their way. But to side publicly with the U.S. against Cuba would be political suicide for some because popular sympathy, though waning, is still with Castro.

• Move in OAS—Now that the U.S. has cut Cuba's sugar quota, its next move will most likely be a strong protest to the Organization of American States. In a note to the Cuban government this week, the U.S. charged Cuba with "economic aggression," which is specifically forbidden by the OAS.

But Washington is not likely to get much backing from OAS. Observers report that only about one-third of the 21 members would vote with the U.S. to condemn Cuban actions. Only if Russia moves into Cuba with military bases or Castro commits an act of overt aggression against the U.S. can Washington count on solid Latin American support

Even so, OAS censure of Cuba might be meaningless. OAS has no power to act directly against anyone and, at best, could provide only moral support for the U.S.

• Riding for a Fall?—At this point, U.S. hopes for a way out appear to rest on overthrow of the Castro government. Opposition is building up as the economic pinch gets tighter and Communist influence becomes more noticeable. This week, Cuba's Ambassadordesignate to the U.S. resigned because he could not go along with Castro's policies, and fled to political asylum in the Argentine embassy in Havana. He's the second Castro ambassador to Washington to quit, and heads a long list of diplomatic defections.

Throughout Cuba, ardor for Castro's revolution is cooling as taxes mount, foul-ups in rural cooperatives get worse, and the government fails to redistribute land to the peasants. The business community, opposed to Castro almost from the beginning, is most unhappy with his property seizures. The Roman Catholic Church is increasingly disturbed by Communist infiltration. A majority of students at the University of Havana have lined up against the pro-Castro student faction.

In Miami and Mexico City, five anti-Castro organizations are forming; they appear to be gaining both in numbers and financing. Their actions are confined for the present to propaganda, but they say a major effort to overthrow Castro will come within the next six months.

The leaders of these organizations, who came together in Mexico City recently to form the Democratic Revolutionary Front, say that when the revolt comes, it will be a "blitz" rather than a sustained fight.





BEFORE

AFTER

(... the important change is inside)

Modernizing with Air Conditioning helped increase the occupancy of this Los Angeles building to 99%



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Fidelity Building completely in 1956. Results have been outstanding. We now have less than 1% vacancy in this building. Equally important—we also have highly satisfied tenants, who like the building and want to stay in it."

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BETTER THINGS FOR BETTER LIVING . . . THROUGH CHEMISTRY

In Business

General Dynamics Tops 1959 Suppliers Of Pentagon With \$1.5-Billion Orders

General Dynamics Corp., producer of the Atlas ICBM, B-58 and F-106 planes, nuclear submarines, and other weapons, rose from second place to become the Pentagon's biggest supplier in calendar 1959. Its \$1.5-billion in new contracts—6.9% of all prime contracts—moved it ahead of Boeing Airplane Co.

The rest of the top 10: Lockheed, North American Aviation, General Electric, Martin Co., Douglas Aircraft, United Aircraft, AT&T, and McDonnell Aircraft. Of the top 100 defense suppliers, 64 are in aircraft, missiles,

or electronics.

Governors Reject Move to Impose Federal Safety Standards on Vehicles

The nation's governors, meeting at Glacier National Park last week, rejected, by 15-16, a proposal by Minnesota's Gov. Orville Freeman that they endorse federal legislation imposing federal safety standards on all government-purchased vehicles and on all vehicles shipped in interstate commerce.

Three resolutions for highway safety were adopted by

the governors:

 The safety committee was asked to seek means to secure prompt acceptance of safety devices by auto manufacturers.

The same committee was asked to study the feasibility of joint traffic safety research by all the states.

 The conference endorsed in principle an interstate exchange of driver licensing records and other data to develop uniform licensing standards.

Antitrusters Have a Bustling Week With New Cases, Victories, Complaints

Antitrust activity has risen to a high pitch, with these cases filed, consent decrees signed, and complaints made:

Hertz Corp. has agreed to divest itself of "substantial automobile rental properties" in Florida and truck renting and leasing companies in the New York City area.

Mitsubishi International Corp. is enjoined from agreements restricting the sale of Japanese wire nails on the West Coast, from fixing prices or allocating territories.

West Coast, from fixing prices or allocating territories.

Audio Fidelity, Inc., of New York, settled an antitrust suit by agreeing to discontinue certain practices in the sale and distribution of phonograph records and tapes.

Cunningham Drug Stores, Inc., Detroit's largest drug chain, is accused of violating the antimerger law by acquiring Kinsel Drug Co., the city's second largest chain.

Dempster Bros., Inc., is charged in Knoxville with attempting to monopolize the manufacture of materials handling equipment used in trash removal.

Inland Container Corp., of Indianapolis, third largest U.S. shipper of corrugated containers, is charged with violating the antimerger law in acquiring the Louisville (Ky.) plant of General Box Co.

New Company Joins Polyisoprene Rush, Will Build 30,000-Ton-a-Year Plant

The rush to make polyisoprene—the synthetic chemical twin of natural rubber—got a new recruit this week when Stauffer Chemical Co. and American Synthetic Rubber Co. jointly formed the American Rubber & Chemical Co. ASR will start at once to build a 30,000-ton-a-year polybutadiene-polyisoprene plant, which is expected to start production in September, 1961, under license from Phillips Petroleum Co.

Other companies in the field include Shell Chemical Co., which is expanding its Torrance (Calif.) plant to a 20,000 ton capacity (BW-May21'60,p78) and plans a 40,000-ton plant in the Midwest, Firestone Tire & Rubber, which is building a 33,600-ton setup that could turn out polyisoprene, Goodrich-Gulf building a similar 28,000-ton plant. Goodyear Tire & Rubber has reactivated plans to build polyisoprene units at Beaumont, Tex

For now, the biggest use of polyisoprene will probably be in truck tires, where it offers the qualities of natural rubber.

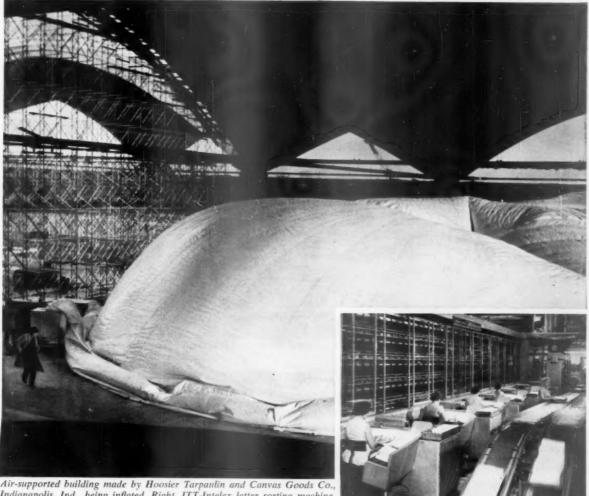
Newberg Resigns as Chrysler President After Two Months on Job

W. C. Newberg has resigned as president and operating officer of Chrysler Corp. After a tenure of only 64 days (BW-Apr.30'60,p128). The board promptly elected L. L. Colbert, chairman and chief executive officer, president. It also restored E. C. Row to the job of first vice-president, which he held before Newberg was made executive vice-president two years ago.

Officially, Chrysler said only that the resignation was "due to differences of opinion on certain corporate policies." Apparently, the differences were between Newberg and Colbert. They flew to New York on a company plane on the evening of June 29 and called a special board meeting the following morning. Newberg's resignation was so unexpected that he did not have an airline reservation for the trip back to Detroit.

The most likely reason for the falling out between Colbert and Newberg involves relationships between some Chrysler executives and suppliers. One big Detroit stockholder repeatedly has called on the board to act in cases of "conflict of interest." Colbert firmly has denied that he, his family, or management had any interest in Chrysler suppliers. Most speculation attributes the Colbert-Newberg rift to a disagreement on the handling of conflicts of interest.

Huge fabric building speeds construction of first push-button post office



Indianapolis, Ind., being inflated. Right, ITT-Intelex letter sorting machine.

The world's first fully mechanized post office-a "laboratory for the future" which promises to revolutionize mail handlingis scheduled for completion in Providence, R. I. this October.

To meet this deadline, sensitive electro-mechanical machinery for sorting letters at high speeds had to be installed even before the walls of the building went up. The problem: How to protect it during installation?

Answer: They erected a building within a building. A huge fabric air-supported structure-one of the largest of its kind -was fabricated for International Telephone and Telegraph.

The base fabric selected for this vital job was Wellington Sears Welkote, a tough nylon, coated with vinyl by Sawyer Coated Fabrics, Division of Farrington Texol Corp., Water-

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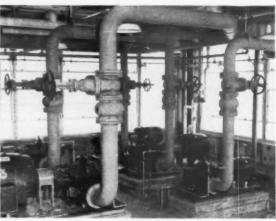
To control its 15 miles of piping Mirro chose JENKINS VALVES

With a trademark that promises the finest aluminum products, Mirro Aluminum Co. wanted the most trusted trademark in the valve world as an assurance of reliability for the complex piping system in its new \$12,000,000 rolling mill in Manitowoc, Wisconsin.

There are over 15 miles of piping in this huge new mill that can produce 60,000,000 pounds of aluminum foil and sheets a year. But there will be no valve problems . . . no avoidable valve maintenance and replacement expense on these lines. Mirro made sure of that by installing Jenkins Valves throughout the system.

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WASHINGTON OUTLOOK

WASHINGTON BUREAU JULY 9, 1960



The Democratic Presidential nominating situation as the Los Angeles convention approaches the time for decision:

Odds favor Sen. John F. Kennedy of Massachusetts. In Las Vegas, the Nevada gambling resort, legal bookmakers have made Kennedy a 5-to-6 choice to win the coveted nomination. This means that, if you want to bet on Kennedy as the Democratic nominee, you have to risk \$5 of your money against \$6 of the bookie's. Most political observers think these odds are about right.

Other quotations from Las Vegas: 3-to-1 against Adlai E. Stevenson, 4-to-1 against Sen. Stuart Symington of Missouri; and, surprisingly, 5-to-1 against Sen. Lyndon B. Johnson of Texas.

The convention week will look and sound confusing.

Here's what to watch for, cutting through the fog of rumor and acrimony that will envelop the convention:

The big move will be made by Pennsylvania's Gov. David Lawrence. Lawrence is in firm control of most of Pennsylvania's prized 81-vote delegation. All the candidates sought Lawrence's help; none was able to get a pledge in advance.

Lawrence's decision is due early in the week. The governor and his delegation chose Monday—two days ahead of the actual beginning of the formal nominating process—to hold their caucus.

A stampede for Kennedy could result. If Lawrence delivers the Pennsylvania delegation to Kennedy, then other uncommitted delegations would be almost certain to follow suit. This probably would mean Kennedy's nomination.

Background on Lawrence and the Pennsylvania group:

The delegation was carefully picked by the governor and his closest political lieutenants. It is loaded heavily with persons on the state payroll or, in some cases, with the wives of state employees. Such care was taken that the handpicking process extended down to alternate delegates. This personal allegiance is the key to Lawrence's convention power.

Stevenson or Symington would be Lawrence's choice ahead of Kennedy, but this does not mean that Kennedy will not get Pennsylvania's aid. As the governor came to the convention city, he was portrayed as willing to go for Kennedy if an on-the-spot survey demonstrated that the race had narrowed to a battle between Johnson and Kennedy.

Organized labor and big Negro populations in the cities hurt Johnson in his bid to capture the majority of the Pennsylvania delegation of 81. A Roman Catholic, Lawrence feels that having another Catholic (Kennedy) at the head of the 1960 ticket would hurt all Democratic candidates in Pennsylvania this fall, but probably not so much as Johnson might drag down the party slate in the cities where labor and Negroes are the bulwark of the deliverable machine vote.

Inside the Kennedy camp, confidence is high. The Kennedy people figure to get help from Sen. Hubert H. Humphrey's Minnesota delegation, plus Humphrey partisans who would be voting for him if he had stayed in the Presidential contest. Also, they count on bagging the bulk of votes from

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU JULY 9, 1960 California, New Jersey, Kansas, and Iowa delegations when those states' governors withdraw as favorite sons. Only disturbing factor to Kennedy is Lawrence. Says one top Kennedy lieutenant: "I don't think he could stop us, but he could stretch things out."

The Symington and Stevenson hopes depend upon a stalemate. Both candidates have tried to stand clear of the bitter Johnson-Kennedy fighting about such things as physical fitness for the rigors of the Presidency and whether Democratic National Chmn. Paul M. Butler rigged the convention in Kennedy's favor.

Neither Stevenson nor Symington has substantial early ballot strength. If a stalemate should occur and the convention needs to find a compromise candidate, the probable choice will be Stevenson. But his chances as the convention opened looked exceedingly slim.

The nominating showdown begins on Wednesday, but it may not end until Thursday afternoon—or, in the event of a deadlock, even later. It is not certain, but the first ballot probably will begin only barely before midnight Wednesday (eastern daylight time).

The man on the hottest spot then will be permanent Chmn. LeRoy Collins, governor of Florida. To the discomfiture of the Kennedy people, Collins is frowning at the prospect of wholesale vote switches after the rollcall of states has been completed but before official totals are announced. Such switching has not been uncommon in the past, but Collins inclines to the notion that it is disorderly and that proceeding to a new ballot might be better.

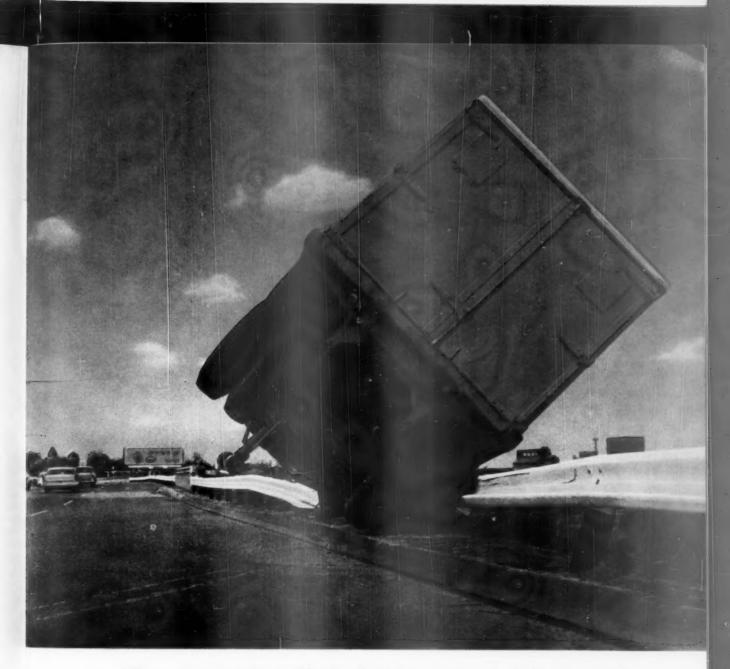
This could conceivably hurt Kennedy's chances for a stampede—which probably would be touched off by a series of switches—at the end of the first or second rollcall. The Kennedy people will howl especially if Collins cuts off switches and then recesses the balloting overnight.

Looking beyond this week to November Republicans can chortle. New divisions, new scars have been added in rapid succession to old and traditional ones that keep the Democrats constantly bickering.

Former Pres. Truman's blast, directed principally at Kennedy's youth and eagerness for the Presidency, appears to have done Kennedy no short-term damage. There is no evidence it changed a single convention vote. On the other hand, it provided Kennedy a chance to conduct a nationwide TV news conference and get a fresh burst of front-page headlines.

Kennedy appears the winner in his side fight with Truman. The consensus among politicians assembling in Los Angeles: The senator's performance in rebuttal to Truman was impressive and effective.

Truman's influence inside the party is on the wane. It has been suspected since 1956 when he tried to scuttle Stevenson and obtain the nomination for Averell Harriman. The feeling is widespread that Truman has confused affection, which the party generally holds for him, with power and influence. The fact is that almost an entire new generation of political professionals has grown up since Truman left the White House. Just for example, both Kennedy and Johnson are new powers, along with Connecticut state Democratic Chmn. John M. Bailey, a likely choice to succeed Butler as national chairman.



The guard rail held because it's steel

When this big truck plowed into the Bethlehem steel guard rail along a busy expressway near Boston, the rail held. Thanks to the strength of steel rail and steel posts, the truck was kept from rolling down a steep bank onto a highway below.

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This BFG vinyl material waterproofs babies, makes pipe that acids can't eat, puts lasting beauty on walls, floors, furniture...



IMAGINATIVE uses of Koroseal vinyl in offices give them lasting beauty. Richly textured wall coverings and upholstery materials won't scuff or stain, wipe clean with soap and water. Colors go all through Koroseal floor tile, stay bright even after years of wear.



IMAGINE a pipe even strongest acids can't ruin. And Koroseal pipe won't rust, never needs painting. Weighs only ¼ as much as steel, so it can be installed easier, faster. Another important application; underground conduit for wires, cables.

As engineer, carving out a reservoir in hot desert country, sought a way to keep the water from seeping into the ground. His answer: line the entire reservoir with Koroseal vinyl.

A manufacturer of baby pants wanted a softer, longerlasting material. His solution: Koroseal vinyl film.

A company that nickel-plates automobile bumpers needed pipe that could carry a highly corrosive nickel solution which eats its way through most materials. They got it: a pipe made of Koroseal rigid vinyl,

An executive, decorating his company's offices, wanted to make them beautiful, long-lasting, easy to maintain. He did it: with Koroseal wall covering, upholstery material and floor tile.

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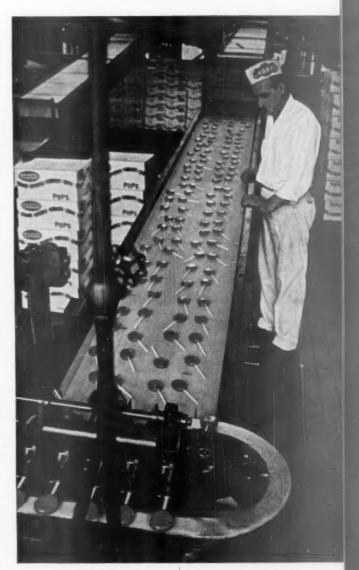
These are just a few of the things that can be done with

Koroseal vinyl materials—and some imaginative ideas. B. F. Goodrich makes many finished products from Koroseal. And often other manufacturers use Koroseal vinyl materials as part of their own products. Perhaps there's some way Koroseal can help you. For more information, write President's Office, *The B.F. Goodrich Company, Akron 18, Ohio.*





BOLD IDEAS! There's no end to the uses for Koroseal vinyl material—inflatable toys, wading pools, beach balls, stormy weather footwear . . . many things. Manufacturers are coming up with new uses every day. The "Koroseal" label tells their customers these products can take abuse, give years of service.



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NATIONAL STEEL

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Tin cans serve up your favorite flavors at their tingly best—providing clean, sanitary protection from point of origin to your opener.

Tin cans chill faster. They take up less space in the refrigerator. They're easy to open—light and unbreakable so you can carry more. You can take them on picnics, to parties, without worrying about deposits and returns. In fact, no matter where you go, canned soft drinks are your one-way ticket to instant, on-the-spot refreshment.

We at National Steel play a part in providing

this portable thirst-quenching through our Weirton Steel division in Weirton, West Virginia . . . and soon will play a larger part through our entirely new Midwest Steel plant now being built in the Chicago area. One of the largest producers of tin plate for all purposes, National is a major supplier of tin plate for soft drink cans.

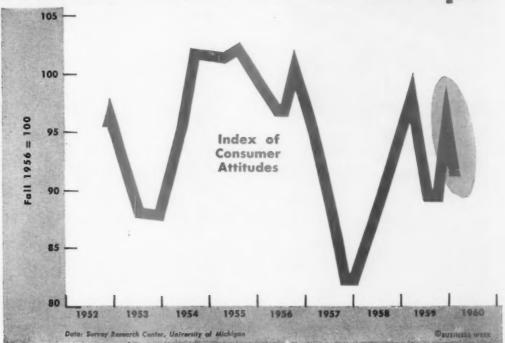
And quite an order it is—as the parched throats of Americans keep calling for more and more. Within the past year alone, the consumption of canned soft drinks has increased 40%. And there's a hot dry summer ahead—when Weirton will continue to keep pace with the growing trend, rolling the tin plate it takes to help keep America cool.





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Consumer Confidence Droops



Buyers Curb Their Enthusiasm

The U.S. consumer has lost the bounce he felt last February. He is plagued with doubts and forebodings. And so, his mood as measured by the index of consumer attitudes and inclinations to buy, compiled by the Survev Research Center of the University of Michigan from a survey made in May, shows an unpleasantly sharp reversal of the first-of-the-year uptrend.

Worse vet, from the business point of view, the decline-from 99.3 to 91.7 -is sharper when you include the buying intentions component, as this chart does, than when you exclude it. Leave out the two questions on buying plans, and the dip would have read from 96.7 to 92.9. Thus, the situation is the reverse of what it was earlier this year. In February, buying intentions contributed more to the upturn than other components. This time, buying intentions-particularly for cars and housesdeclined more than other expectations and attitudes.

Yet, viewing the zigs and zags of the index over recent months, George Katona, who directs the surveys with Eva Mueller, does not conclude from the latest lapse that we are in for a new, skidding cycle. Rather, he feels that "we are in a period of fairly rapid

fluctuations of sentiment." The upsurge of early 1959 tripped over the steel strike. With the end of the strike, the surge began again. This spring, he sums up, "Doubts and uneasiness have become more pronounced."

· Looking Ahead-The edginess shows up only slightly in consumers' evaluation of their own financial situation as compared with a year earlier. The 32% of families who felt better off represented only a slight decline from the 34% who felt better off early this year. The number who felt worse off fell, too, from 26% to 23%

But there is less certainty when they look ahead. Only 35% of all families expect to be better off a year from now. In February, 40% expected to be (charts, page 48). Among higher income families, the drop was more marked. And while optimism concerning business conditions remains high, with 64% expecting good times in the next 12 months, that still represents a significant drop from the 75% who were hopeful on this count in February.

Nobody worries about a major depression. But increasingly consumers feel a recession of the 1958 kind is in the cards. A substantial 60% look for

this as a possibility. They disagree about the timing. About 16% believe a recession has already started, or is just about to start. More look for it in 1961, and still more in the next two or three years. Apparently, a good number of consumers haven't heeded tales of the glorious

I. Buying Intentions

Intentions to buy new cars took an upward leap in February, rising 20% over February a year ago. Now they are down again, to about where they stood in May, 1959. Yet the researchers find the car picture heartening on the whole, at least for the 1960 models. Enthusiasm for this year's lines still holds; a higher proportion who expect to buy a new car say they will buy a 1960 car. Beyond this, the outlook gets more dubious. The other strong plus is that the compact's popularity continues high. On the other hand, this means a smaller outlay for new cars.

The prognosis for used cars, however, is bad. Intentions to buy these are much lower now than a year ago. The survey finds that the appeal of the compacts is dampening the outlook for the used car market. This finding confirms



W. T. Piper, "the Henry Ford of aviation," with William Swift, Employers Mutuals of Wausau Safety Engineer who has been helping solve Piper's health and safety problems for fifteen years.

HERE'S HOW THE WORLD'S LEADING MANUFACTURER

OF PRIVATE AIRCRAFT SOLVES PROBLEMS YOU MAY BE FACING TOO...

Wausau Story

at PIPER AIRCRAFT CORPORATION, Lock Haven, Pennsylvania



Problem: Protecting workers from fumes when leadcoated spouts are welded to fuel tanks.

Employers Mutuals of Wausau help Piper solve this problem . . . Specialists helped plan adequate exhaust systems, Safety Engineers recommend protective masks. Special medical consultation provided on physical examinations and x-rays of welders.



Problem: To provide first aid and health service for 2211 people at the Piper plant.

Employers Mutuals worked with Piper officials to develop the new health unit . . . Nursing Consultants aided in setting up procedures and records . . . maintain close contact with Piper's staff.



Problem: 970 degree "baths" treat aluminum to make it tough.

Employers Mutuals helps Piper work out safe handling procedures that protect workers from burns . . . recommends protective gear including face helmet, asbestos gloves.



W. T. PIPER, President of Piper Aircraft,

has seen more than 50,000 Piper planes take off from Lock Haven for delivery all over the

world. Proud as he is of this top production record, Mr. Piper doesn't seem surprised. "Some thirty years ago," he says, "I discovered that flying a plane was simpler than driving a team of horses. So I figured more and more people would take to flying their own planes."

And that's exactly what is happening. Today at Lock Haven, the growing demand keeps 2211 craftsmen busy turning out thirteen aircraft a day . . . six basic models ranging from the world-famous Super Cub to the recordmaking new Comanche.

"We have to step lively to keep pace," says Mr. Piper. "Our plant has been expanded to more than four times the size of our original factory. We've installed the latest production machinery and adopted the most efficient production techniques. And we aren't stopping there. We've got a new development center at Vero Beach in Florida to help us maintain leadership in our field . . . and plans are underway to expand our manufacturing facilities even more.

"You're well aware that progress like this creates some problems. Quite a few, in fact. Take the matter of the health and safety of our people. New problems arise in this area whenever a production change is made. The problem might come from the use of different material or from a new method. Whatever it is, we know how to deal with it: We work closely with Employers Mutuals of Wausau.

"With their broad experience and practical knowledge, Employers Mutuals often helps us solve a problem before it pops up. That's not always possible, of course, but we've seen that happen here frequently. And if the problem is a stubborn one . . . requiring watchful care and continued work, we're sure Employers Mutuals experts will help us until the job is done properly. What's more, they keep on helping us so we don't neglect our safe working habits.

"You'll be interested to know that Employers Mutuals people have been working with us for almost fifteen years now. That's why we can say, most heartily, 'They're good people to do business with'."



Problem: When wing frames are covered with cotton fabric, the material is saturated with a solution to make it fit tight. But the solution often irritated hands of the women who stitch the fabric.

Employers Mutuals helped eliminate dermatitis by advising how to clean hands properly and use protective creams.



Problem: Aircraft frames are blasted with fine grit to make smooth finishes.

Employers Mutuals helped develop complete protective gear. At one time, work like this presented a serious silicosis hazard. Employers Mutuals has played a leading part through the years to eliminate this hazard from industry.

Maybe you don't produce planes...but whatever your products are and wherever they're manufactured, you do have problems of health and safety that we can help you solve... and probably save you money too.

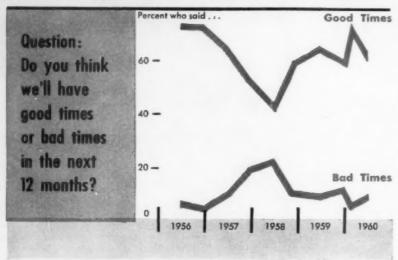
Employers Mutuals of Wausau has offices all across the country to serve you. We write all forms of fire, group and casualty insurance (including automobile). In the field of workmen's compensation we are one of the largest. We are proud of our reputation for fast claim service and our experience in preventing accidents. Consult your telephone directory for your nearest representative or write us in Wausau, Wisconsin.

Employers Mutuals of Wausau

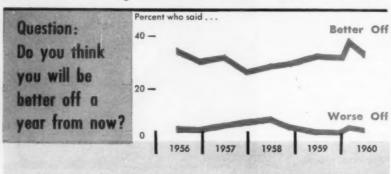


"Good people to do business with"

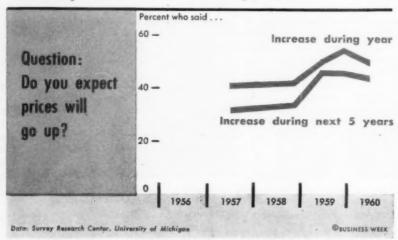
Fewer people look for better times ahead



And fewer expect to do better themselves



But they feel better about prices



Detroit's own experience recently (BW -Jun.11'60,p45).

In major appliances, the picture is mixed. The Research Center does not release figures on these. It says only that for refrigerators and washing machines, buying intentions cropped up somewhat more frequently this May than last. For television, they showed up less frequently.

Plans to buy houses dropped, too, between May, 1959, and May, 1960. As often happens when housing purchases threaten to lag, plans for improvements, additions, and large repairs jumped "substantially" during the period. These plans are now as frequent as during the best previous year, 1956, the center reports.

• Time Element—A companion to buying intentions is the question: Is now a good time to buy? Thanks, perhaps, to the lower price tags on the compacts, more people felt it was a good time to buy cars this past May than thought so a year earlier. Previously, resentment at car prices came through rather strongly. On appliances, answers stood about where they were a year ago—wiping out a jump in February among the group that thought it was a good time to buy major household items.

Housing came out worst of all on this question. Fewer people thought in May, 1960, that it was a good time to buy a house than thought so in May, 1959. Some 26% reported it had become harder to finance a house: Mortgages were harder to come by, or interest rates were higher.

• Price Peeve—The consumer's pet peeve, rising prices, seems to bother him less now than it did a few months back. Among all families, the number who look for higher prices in the next year eased off some, from 55% to 51%. The important higher-income group, families with \$7,500 and over, registered a larger drop, from a higher base. This May, 56% of this group expected higher prices against 64% who expected them in November, 1959. Long-range expectations of rising prices, too, declined, especially among the upper-income families.

Nevertheless, most people look for either rising prices or prices at today's level. And the great bulk-70%-feel that rising prices are a bad thing.

II. Why So Sad?

Seldom has there been such soulsearching as you find nowadays, aimed at the question: Why isn't the consumer coming through the way the dopesters thought he would? Personal income and per capita income are at peak. What's the matter with the consumer, anyway?

The Survey Research Center com-

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"When I call my local Hertz Rent A Car office, the Hertz teletype system confirms my reservation for a new Chevrolet or other fine car. Hertz has more offices, more cars than anyone else in the rent a car business. And with my HERTZ AUTO-matic Charge Card*, I can charge it and be on my way immediately."

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At the end of the day... steel pipe brings the comforts of home to the nation's airmen of tomorrow

Saturday's parade ends a schedulefilled week for 1,500 cadets at the U. S. Air Force Academy near Colorado Springs. From the parade grounds the cadets return to their quarters... the world's most modern in comfort and convenience for housing the nation's air-leaders of tomorrow.

Steel pipe contributes much to making the Academy the world's finest. For radiant heating over five miles of steel pipe was used. In the 17,800 acre Academy Complex, the plumbing, vent and drainage lines were fabricated from steel pipe. And, it was used because—in an evaluation of service life, ease of fabrication, availability and cost—steel pipe proved superior to any other tubular product for these uses.

At the U. S. Air Force Academy, as in buildings throughout the nation, steel pipe is the perfect, low cost tubular conductor of water, gas and oil. The high

thermal conductivity and structural strength of steel pipe make it ideal for many applications including radiant heating, cooling, refrigeration, ice making, snow melting, electrical conduit and myriads of residential, commercial and industrial applications.

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COMMITTEE ON STEEL PIPE RESEARCH

150 East Forty-Second Street, New York 17, N. Y.

. . . the researchers could not pin changes in attitudes on the goings-on of a big election year . . .

(STORY on page 45)

ments on what it calls the paucity of explanations for the attitudes it uncovered. Its researchers follow up questions with a probing "Why do you think so?" This time, it got fewer replies, and the replies had less meat in them than in previous surveys.

It found it could discount the international situation. Its interviewing ran from the last week of April through May—with the summit conference fiasco falling in the middle of it. That caused no change in the answers it was getting.

It also discounts worry about the stock market, for the good reason that relatively few people knew the market was showing any weakness. Only 15% described correctly what had happened to stocks in the last few months. Stockowners, naturally, were considerably more alert to the picture than nonowners, and many stockholders felt worse off than they were a year ago. But ownership of stock did not seem to affect their optimism or pessimism about the future.

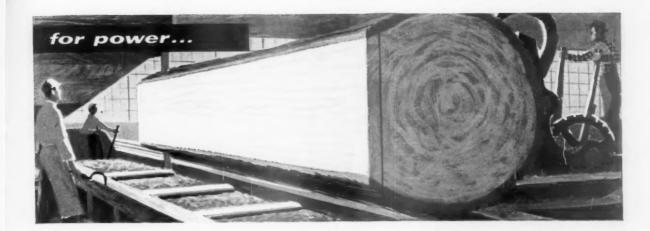
Neither could the researchers pin changes in attitudes on the goings-on of a big election year. The pros and cons involving politics just about canceled each other out, Katona reports.

Negative Reason—If you can't pin
the lower mood index to a specific
spectacular event, what can you pin it
to? The researchers were forced back
to a negative reason: the absence of
favorable stimuli, uncertainty about
how you maintain a pace that is already
fast

Thus, fewer people reported hearing of any changes—favorable or unfavorable—in business conditions during the last few months. The 41% who had heard anything represented a sizable drop from the 51% who reported changes in November, 1959, and the 60% in May, 1958.

Further, those who had registered didn't like what they heard. The score ran 28% reporting unfavorable news against 16% reporting favorable news (some had heard both). That was almost the reverse of the situation of a year ago. Asked what unfavorable news they had heard, most pointed to unemployment, business deterioration.

• Too Well Stocked—Retailers have a stock answer for the disappointing performance of the first half of 1960: the weather. Certainly, weather dashed many hopes throughout the spring. But Charles H. Kellstadt, chairman of Sears, Roebuck & Co., is one who feels



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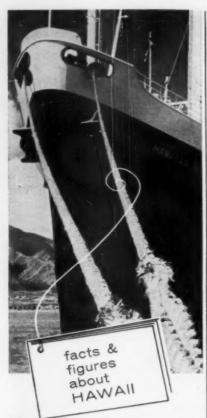
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If you can't come to Hawaii let us bring Hawaii to you

Naturally the best way to find out about the 50th State is to visit Hawaii and see for yourself its booming business activity.

However, if a visit isn't possible now, we invite you to use the services of our Department of Economic Research. Let us know what you want to know in the way of detailed information and specific data. As a starter we have available a comprehensive information booklet giving a realistic picture of Hawaii's economy. It is yours for the asking.

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FORMERLY BISHOP NATIONAL BANK

... the consumer is acting just exactly the way you would expect him to act ...

(STORY on page 45)

weather can't be made the sole scapegoat. In a statement to the First National Bank of Chicago, Kellstadt reminded his audience that consumers are well stocked with durable goods, and anyway, they have been buying pretty well.

The economic indicators for June back up his view. It's true that personal disposable income was running at a record annual rate in the first quarter and that per capita income, too, stood at a high. But the pace of consumer spending outran the rise in income. Spending increased 5.9% over the spending of the first quarter of 1959; disposable income increased only 5.5%.

Durable goods participated in that 5.9% spending rise. But there were some important shifts. Expenditures for durables rose only a hair as a percent of disposable income—from 12.6% in the first 1959 quarter to 12.7% in the same 1960 quarter. Nondurables did even worse. Their share shrank from 44.4% to 43.7%. Services came through with a bang—up from 35.9% in the 1959 period to 36.6%.

Natural Reaction—The economic indicators point up other factors that could make the consumer edgy: a slightly shorter factory work week lower average weekly earnings (in 1959 dollars) in key manufactures, rising installment credit.

In short, the consumer is acting just exactly the way you would expect him to act.

The too-high hopes for the year to date may have created their own vicious circle. The disappointment of marketers has had a good airing in recent months. Some of it may have penetrated the consumer's ear. With his expenditures already rising more than income, he may be thinking at least twice before laying down his discretionary dollar.

The Survey Research Center points out that the zigs and zags of the past few surveys have been more pronounced in buying intentions than in the other components of the index. Most of their "attitudes" have remained on a relatively even keel. Consumers have had some jolts in the past few years that may have stamped them with some new caution. With a pretty good stockpile of goods already under the consumer's roof, he hasn't seen or heard or experienced anything lately to put him in the mood for a spending iag. END



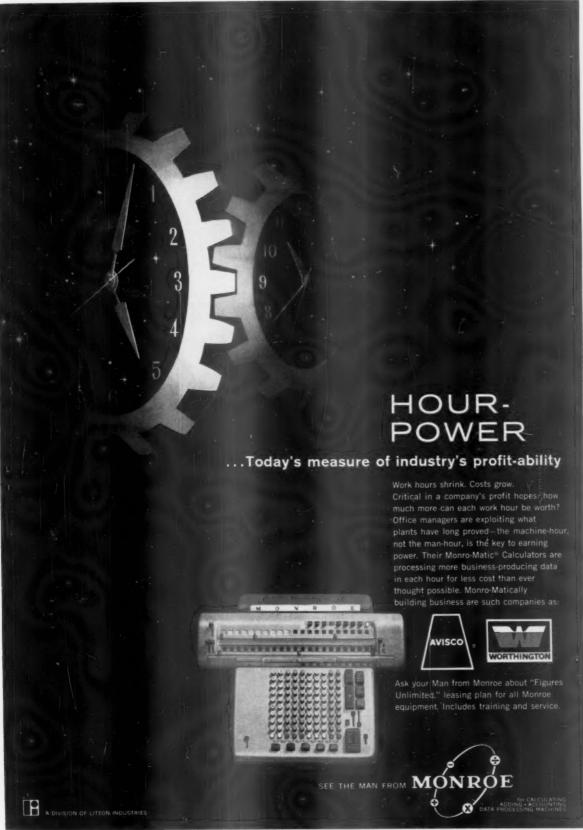
This basic axiom has special meaning for production lines that use close-tolerance small diameter tubing. Perfection in the tube puts profits in the pocket ... cuts 'way down on costly hand-fitting ... speeds up the assembly.

Yes Make Every Move Count:

When you make every move count you accomplish all this and much more. TMI tested-quality tubing components make an important contribution to the performance record of your product... be it a space-bound satellite, an aviation giant... a nuclear world-traveler, down-to-earth household appliance or industrial equipment on a 'round the clock, 'round the year production schedule.

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GERMAN FARMERS, touring U. S. farms in A. O. Smith Corp. sales promotion, get welcome at big blowout at Elkhorn, Wis.



BARBECUE at Walworth County fairgrounds is main attraction for 68 visitors mostly wealthier farmers.



MILWAUKEE BEER gets tryout by dairy and beef cattle far.ner Wilhelm Zickerick, to compare it to what he drinks at home.



HORSE SHOW by Walworth County Boots and Saddle Club wins applause from Friedrich Wilhelm Duckhammer.



FEEDING visitors and U. S. farmer hosts takes 320 lb. of beef; Paul von Schiller, stocking up, farms 1,125 acres in Germany.



FARM TALK interests Count Kalus von Valdersee, who has 1,400 acres; talk is continued at overnight stays on nearby farms.

Bringing Foreign Market to U.S.

A planeload of German farmers left Milwaukée for home last week after a two-week initiation into the ways of American farmers—and the merits of A. O. Smith Corp.'s glass-lined crop storage units, called Harvestores—in a European sales promotion run off in Smith's own Midwestern backyard.

The visitors had been entertained and instructed on the merits of Harvestores by A. O. Smith International S. A., a subsidiary of the Milwaukee-based company, and Mannesmann-Regner GmbH, its distributor in European Economic Community countries. The working part of the trip by the 68 German

farmers was climaxed by a barbecue, beerfest, and horse show and overnight stays on farms in Walworth and Rock-Counties, Wis. (pictures).

Sales Spurt—At week's end, Smith reported sales of 15 units, which will cost the Germans about \$13,750 each, less a special 5% discount offered during the trip. The price tag and the financing of the Harvestores are the biggest problems for Mannesmann-Regner of Dusseldorf, a subsidiary of Mannesmann AG, metal fabricator and third largest manufacturer in West Germany. However, Dr. Fritz Lehmann, chief of Mannesmann-Regner's foreign

department, says the company has sold 40 Harvestore units in the past four months in European countries inside and outside of the Economic Community-mostly Germany, Italy, and Great Britain.

Smith says the farmers could have toured some of the 56 installations on the continent but these have been operating less than a year and detailed records aren't yet available. Besides, none

HARVESTORES, A. O. Smith's glass-lined crop storage units, are focus of promotion aimed at expanding European sales; the 68 visiting Germans liked labor-saving features.



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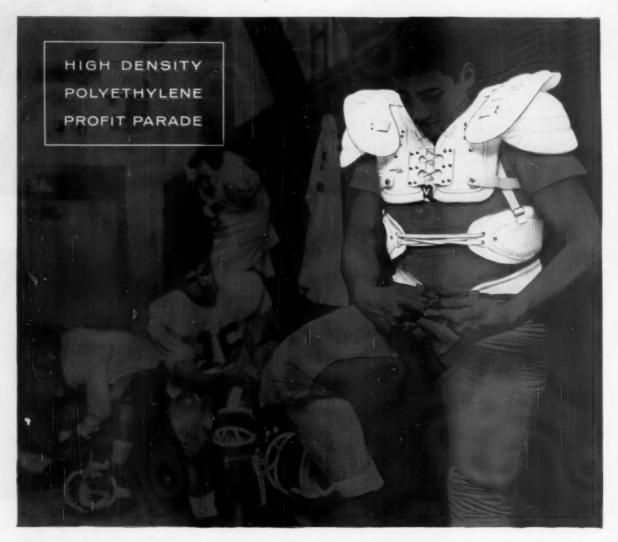
HOST Valley Blakely explains to overnight guests how crops too wet for an ordinary silo can go into Harvestore without spoiling.



GUESTS Hans Wilhelm von Meerheimb (left) and Friedrich-Karl von Abercron note that Blakely needs only help of wife and son.



"JUST LIKE GERMANY"-the cows pick weekends to roam, says von Meerheimb, closing gate after wandering cows are rounded up.



Sheet From Grace Plastic Improves Protective Equipment

The 1960 football season will see a major improvement in protective equipment, resulting from the combined ideas of the Panelyte Division of St. Regis Paper Company and Rawlings Sporting Goods Company. Panelyte, a leading extruder of thermoplastic sheet, recognized the selling advantage which could be obtained by improving the impact strength, among other properties, of plastic sheet by using Grex high density polyethylene. Rawlings, a customer of Panelyte, was quick to take advantage of these properties by using sheet made from Grex to improve their protective football equipment. The end result is the Crusader brand shoulder, hip and rib cushions now being introduced by Rawlings.

The parts of this redesigned protective equipment are many times stronger than the fiber used in conventional equipment. They are flexible enough to provide increased shock absorption and better body fit. They show less splitting or cracking than fiber, are impervious to perspiration and are unaffected by temperature changes.

Product advantages such as these—made possible through the use of high density polyethylene—are paying off for both Rawlings and Panelyte. Advantages of your product using this Grace plastic could be equally profitable.

Find out exactly what high density polyethylene offers for products in your field by calling in the experts. Grace has the production facilities, technical service and experience to help put your new product in the Grex profit parade. Everyone says we're easy to do business with.

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PRINCIPAL PRODUCTS SYNTHETIC CATALYSTS . AMMONIA . LIREA HIGH DENSITY POLYETHYLENE . PLASTICIZERS MATERIALS FOR JET LUBRICANTS SPECIAL SYNTHETIC RUBBERS AND RESINS POLYVINYL ACETATE . SILICA GEL AND OTHER DESICCANTS . SULFURIC ACID CONTAINER SEALING COMPOUNDS IRRADIATED AND OTHER PLASTIC FILMS AND BAGS FOR PACKAGING . BATTERY SEPARATORS FERTILIZERS AND OTHER AGRICULTURAL CHEMICALS . NUCLEAR REACTOR MATERIALS ULTRA HIGH-PURITY SILICON AND OTHER INDUSTRIAL CHEMICALS AND CHEMICAL SPECIALTIES

of the farmers had been to the U.S. · What Harvestores Do- darvestores resemble ordinary silos, but Smith people quickly explain that they are sold as complete plants for "vertical farming," designed to simplify a farmer's work and increase his income by better utilization of existing acreage.

The storage units, which also are used in the food processing, chemical, and lumberjack industries, date back to 1949 but were only a minor factor in Smith's diversified operations until 1956. In that year Smith perfected an automatic unloading mechanism that won farmer approval. Smith now says it has nearly 7,000 units in place on American farms, ranging in price from \$10,000 to \$13,-000. The pushbutton feeding device, plus improved nutritive value of the feed and reduced spoilage, are Harve-

stores' principal selling points.
• Germans' Tour—The labor-saving feature most pleased the Germans, who say their land is expensive, labor is scarce, and more mechanization is needed. To show its visitors the wonders of the Harvestore, Smith set up a week-long tour beginning with a visit to Kankakee, Ill., home of the company's Permaglas products group which makes Harvestores and other glasslined products.

The hardy Germans, who flew over in a DC-4 and traveled in the U.S. by bus, also toured stockvards, packing plants, agricultural schools, and farm equipment plants. But most of all, they clambered over farms and learned about Harvestores. In all, they trundled through some 200 miles of the country's richest farmland in Illinois, Iowa, Minnesota, and Wisconsin, a major area where people of German descent live.

• Windup-The tour wound up with a 24-hour blowout at Elkhorn, Wis., a typical farm community of 3,600 tucked away in the southeastern corner of the state. Elkhorn laid out the Willkommen mat and the visitors drank Milwaukee beer, consumed 320 lb. of barbecued beef, and watched a horse show.

Local farmers then took two of the Germans to each of their farms. There they watched the Americans do their chores, enjoyed a home-cooked dinner and spent the night and following morning trading information.

· Target-The Germans, who paid their own way, spent about \$450 each for transportation, food, and lodging. Smith picked up the tab for the buses on the tour of Harvestore farms, for the Elkhorn doings, and for the banquet the previous night at which it made its only hard sell of the tour. Its bill: \$1,800.

This month Smith and Mannesmann-Regner plan a similar trip for a contingent of Italian farmers. Their tactics will, they hope, increase Harvestore sales in Europe from about \$500,000 this fiscal year ending July 31 to over \$1-million next year.



STEEP climb takes visiting German farmer von Meerheimb up Harvestore to inspect the loading equipment before blowing feed in.

In Marketing

Crowell-Collier Acquires Macmillan, Creating Textbook-Reference Giant

An important new concern in the publishing world will result from the acquisition by Crowell-Collier Publishing Co. of Macmillan Co. The merger, says W. D. Cole, Crowell chairman, will create a major company that is

deep in both textbooks and reference books.

The acquisition, which carries a step further Crowell-Collier's existing stock interest in Macmillan, will bring no changes in Macmillan personnel or policy, Cole emphasized. The two companies will complement each other. Some 75% of Macmillan's sales (over \$18-million total in its last fiscal year) were in textbooks. All but \$3-million of Crowell-Collier's \$32-million total came from its books, of which the Collier's Encyclopedia is a best seller. The \$3-million came from its three radio stations.

The reference and textbook fields have come along fast—faster than general books. Combined industry sales of reference and textbooks ran over \$597-million in 1959. That figure topped the \$408-million publishers' receipts from general books, according to American Book Publishers Assn., and the 15% gain of the reference and textbook business over 1958 topped the 12.6% dollar gain of general publishers.

Macmillan, an old name in textbook publishing, is still going strong, but it has lost its once-dominant position. "We have grown, but we haven't grown fast enough," says Bruce Y. Brett, president. Joining up with Crowell-Collier will enable the company to push expansion, both

editorially and in sales, he says.

Furniture Survey Shows Sales Up, Profits Braked by Market Costs

The high cost of furniture marketing came under the scrutiny of the National Assn. of Furniture Manufacturers. The results of a survey, the first such that the trade group has made, point up some old problems.

Though sales this year are rising anywhere from 5% to 10%, NAFM reports, profits are up only a bit, if at all. The survey points an accusing finger at the cost of marketing—specifically, the cost of showing at many regional

The survey found that the markets account directly for 15.4% of the industry's \$2.6-billion sales, or over \$300-million. The Chicago market accounts for 50% of these bookings, NAFM reports. The Carolina-Virginia markets book 17.5%; New York, 14.1%; Dallas, 8.3%; Los Angeles, 3.4%. The rest are split up into the remaining 15 markets.

Exhibiting at these markets costs manufacturers 1.4% of their annual sales volume. Wholesale salesmen spent \$12.4-million for market expenses last year, put in 32 days attending shows. Since the days just before and

after shows are lost as selling days, sales executives figure that a salesman might lose 53 days of selling a year.

Some manufacturers question the completeness of the data. Some read into the results special pleading on Chicago's part.

All manufacturers agree, though, that markets cost money. But no one has found a better way to sell.

Firestone's Voice Returning to TV With Hour-Long Weekly Prestige Show

Firestone's voice will be heard again on TV this fall on a regular basis. It will sponsor a prestige series of 30-minute news analysis programs to be presented on the CBS network in the 10:30-11:00 slot on Friday nights. The series, probably to be called Eyewitnesses to History, will devote full time to exploring one current news situation each week.

The company's Voice of Firestone left the air in June 1959 after being rejected by all three networks. Although Firestone wanted to continue sponsorship, the nets refused to carry the program because it attracted a small, if devoted, audience. The show's history was often cited by TV's critics as proving that the medium sets its programs only for the widest possible audience.

Appliance Dealers' Profits Turned Up Nicely in 1959 Survey Shows

Like the furniture industry, appliance dealers have done some soul-searching—and come up with some good news.

Dealer profits—or lack of them—have been the appliance dealers' bane. A depth study by National Appliance & Radio-TV Dealers Assn. of operating results for last year shows that 1959 profits took a turn up, from 1.7% of sales (before taxes to 2.24%).

The reason ascribed by NARDA members: With sales rising 12.7% ahead of 1958, dealers were in a better posi-

tion to hold the line on prices.

Cash sales accounted for a profit of only 0.98% of sales. Profit from other income ran higher. Significantly, over half that other profit came from interest on credit sales. Profit from services ran 2.86%, and contributed about one-tenth of the dealer's total income.

Mail Order Houses Hold Price Line

Prices in the new fall mail order catalogues, out last week, are running steady to slightly lower than a year ago.

Prices in Sears' new fall/winter general catalogue are about the same as last year's, though 1% lower than the 1960 spring/summer catalogue. Spiegel's fall catalogue averages 1% lower over-all, though on standard quality items prices are virtually unchanged. Aldens'—bigger than last year's, like Spiegel's—holds prices at last spring's level "in spite of rising cost pressures." And Montgomery Ward's catalogue prices are about the same as both the fall/winter and last year's spring/summer book.

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If we, as builders of marking equipment, could devise an identification marking method that even came close to the simplicity, universality and distinctiveness of fingerprints—we'd have solved a fair share of our customer's problems in a single stroke.

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But the wide variety of products and packages industry has to mark calls for an almost unbelievable number of different printing methods, feeds and ejections, type elements and specialty inks. What will automatically color band diodes or resistors at high speed is nothing like the right combination for imprinting bakery labels . . . or stamping shoe linings . . . or marking vitamin capsules . . . or decorating children's cowboy boots. If they're going to do a good job for the user, they must each be precisely the right combination of machine, type, ink and method.

When you use such a marking method, labor is at a minimum — inventory is simplified — identification of your product and your company is positive and lasting. Since there is no mark quite like your own, are you using yours to best advantage? Markem Machine Co., Keene 33, New Hampshire.

EVERYTHING INDUSTRY NEEDS ... FOR PROFITABLE MARKING ... SINCE 1911

MARKEM



Psychologist Hires the Help

Psychologist at San Diego discount department store uses scientific tests to appraise job candidate's ability and to find the slot where he will function most efficiently.

When consultant John M. Martin was called in last fall to pick 200 cmployees for Unimart, a giant new supermarket and discount house in San Diego, he was handed a personnel psychologist's dream job—the chance to hire a whole company staff according to the textbooks of his profession and prove that psychological tests and interviews really work.

With virtual carte blanche on most of the open slots, Martin set about building a complicated jigsaw puzzle of personality traits and aptitudes in an effort to give Unimart the most stable and efficient staff possible. While his techniques were much like those of other personnel psychologists, the job was of large enough scope to give them a real trial.

Martin got into the picture when Ward J. Jenssen, Inc., the consulting firm he works for, was called in to help plan the store's operation for Seymour Rabin, Unimart's founder and president. But after such details as location and potential customers were settled, Martin stayed on for the whole hiring job.

· New Twist-Actually, what Martin

was trying to accomplish was just about what any competent personnel manager aims at. The twist is that Martin had a free hand to apply psychological methods.

The operatin Martin staffed is a 70,-000 sq. ft. store open only to union members in that area. It sells all the usual supermarket products, plus non-food items such as clothing, jewelry, appliances, cameras, and plants. Connected to it is a gas station that handles auto accessories and minor repairs.

Martin didn't start completely from scratch. The president, public relations manager, and store manager were already on hand. These three–Rabin and his brothers-in-law Herbert Reder and Bernard Arenson–had put up much of the money for the store, and Martin had little to do with their jobs. But from there on, he pretty much ran the recruiting show, with some of the technical details handled by other specialists from Jenssen.

• Blueprints—Martin first drew up an organization chart showing the usual things—how many people were needed, how they should be directed. Then he drafted what he calls "people functions"

that show how the employees relate to one another in the process of achieving a smooth operation. In the selection process, he concentrated on such things as supervisor-employee relationships, and fitting a new employee into a job he could handle without getting bored with it.

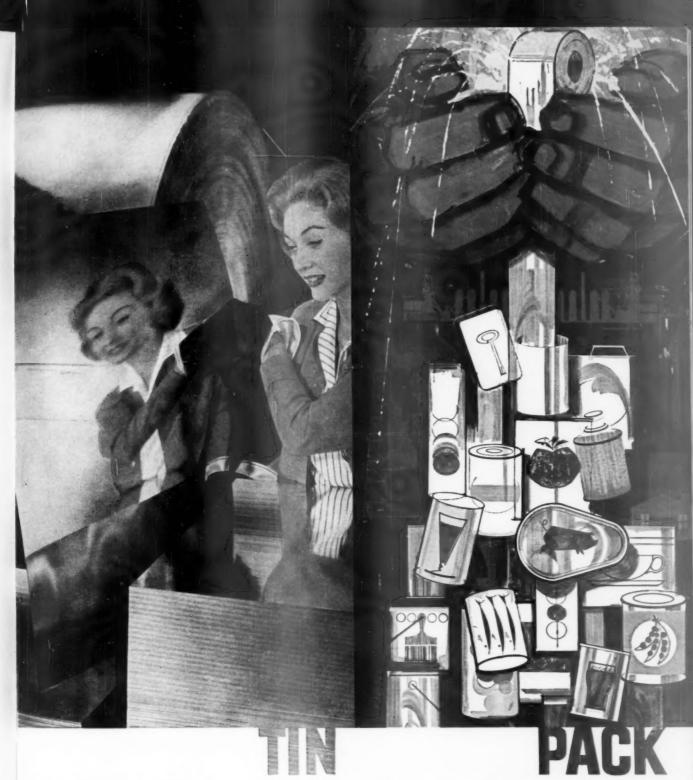
 Psychological Tools—Most employers who scanned Martin's list would be looking for the same traits in prospective employees. The trick is to recognize them. Martin came armed with standardized tests to help him make a quick appraisal of a candidate's psychological make-up and its likely effects on his performance.

The most extensive processing was done on executive and buyer candidates. Those who passed preliminary interviews were given the complete battery of tests normally used in Jenssen's executive recruiting—intelligence, interest, temperament, personality, and orientation studies. Martin personally interviewed applicants whose test results were promising.

were promising.

Martin was looking for individuals with above-average intelligence and emotional stability. But he considered those with personality problems if they had good compensation for them.

The first major find, according to Rabin, was the controller, Joseph Godkowitz, who had worked in a discount operation in Honolulu. Tests and in-



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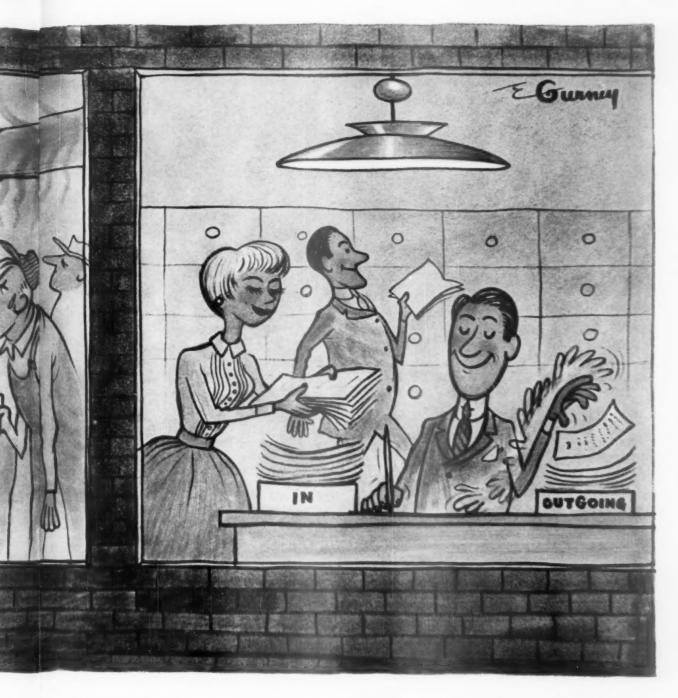
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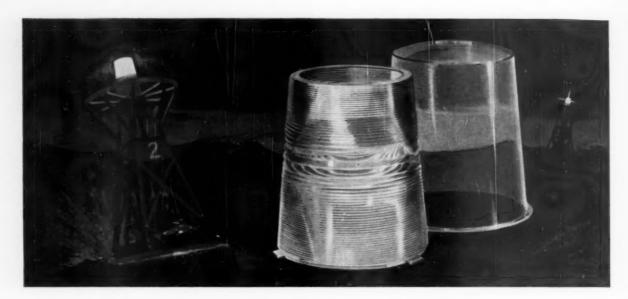
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But the psychologist's tests showed he would fit.

terviews showed that he had a keen, analytical mind and was familiar with the needed procedures. Said Rabin: "He also is quiet and unassuming, altogether a favorable personality."

• Supervisor Tests—After hiring Godkowitz, Martin got down to the task of hiring executives and department managers. Stripped of all the psychological jargon, what Martin wanted was what every boss looks for when he hires a man. Martin looked for men with lively imaginations and the ability to get ideas across. Also, he wanted men who could make snap decisions and who would be good teachers. Because such men must deal with the public, Martin wanted his supervisors to have a strong social service drive—that would promote an interest in the welfare of the customers.

Sometimes, in what looked like a complete turnabout, Martin hired a man whose personality seemed wrong for a supervisor. In one case, he picked a man with an inferiority complex because Martin felt that he would be likely to work harder than the average to prove not only to his employers but also to himself that he could do a good job.

In another case, Martin hired a manager experienced in his job but hard to get along with and prone to blunders. To be effective, he needed an assistant who was a diplomat and could "cover" for him. But Martin picked an assistant who was "passively insecure," so he wouldn't resent his sideline position.

• Industry Pattern—In managing people, what is good for any industry—in terms of psychological traits—is generally true of the retailing field, says Martin. But while the psychological traits for managers in all industries are similar, he feels that the rigid requirements are particularly difficult to meet in the retail field. The reason for this, he says, has been brought on by a stigma attached to retailing, and especially to the grocery business—the notion that if you can't be anything else, you can be a grocery clerk.

So, besides hiring the best men available in the field, Martin argues that he must get them over this psychological hump if he is going to get the best out of them. Martin insists that Unimart managers are on a par with successful managers in any industry.

• Fitting the Pieces—After hiring the managers, the consultants got down to lower-level jobs. Jenssen says that, in the search, Martin reminded him of an artisan of the Middle Ages piecing together a stained-glass window. Each employee not only had to fit into his particular spot, but also had to be compatible with the employees working around him.

Although almost every job presented a different problem, rules of the thumb were applied whenever possible. Heavy experience was desirable, but, says Martin, if they had to choose between overall good traits with light experience and less desirable adjustment with heavy experience, they would choose the former. Also, Martin wanted people who would complement rather than compete with each other.

 Balance—He avoided putting together people who had a high need for prestige and authority. If you have three clerks working together, he says, it's fine to have one who is aggressive and authoritative, but the other two had better be more passive—or you've got trouble.

For certain pressure jobs, Martin avoided people who seem easily threatened. For example, checkers were selected on the basis of tests that showed they would not panic if a long line developed at their counters. These people had to be pretty secure. But for other jobs, a little insecurity doesn't hurt. Stock shelvers should have an aesthetic sense, but on the other hand, they shouldn't be too ambitious or confident since this is likely to make them discontented.

Not all of Martin's choices worked out, of course. One lower-level supervisor had to be moved back to a clerk's job when his wife objected to his working late and the strain caused personality clashes with other employees. And two executives switched jobs when their superiors decided that each could do the other's job better.

• Sales Figures Tell—Still, Rabin says the whole arrangement has proved satisfactory. Though he was criticized at the time by some stockholders for the expense involved, he explained that the value of the testing program would show up later in the sales figures.

His faith seems justified, since the first year's gross is expected to hit \$12-million instead of an originally projected \$8-million. This means a 30% to 40% return after taxes on the original investment.

Rabin also points to the low rate of turnover and absenteeism at Unimart compared to other stores of this type.

Controller Godkowitz says that the compatibility of the employees is apparent. He points to the way they set up an employees' association and a credit union on their own initiative. A company bowling league got a 50% turnout. Godkowitz also says that his office force was trained in two weeks. "Ordinarily, this should take years," he adds.

• Hard Facts—Rabin says he was criticized by those not hired. Their reaction was: What can they find in their silly tests that's better than years of experience?

Rabin and Martin can point to the results. When Unimart was just over six months old, Rabin announced plans for a second store near San Diego. While he will promote some of the present Unimart staff to positions in the new store, he'll have the psychologist in to recruit the rest.

Finally, Rabin finds the tests solved a problem that's common to many businessmen. If an acquaintance came in for a job, he says, "I could send those I wasn't sure of through the tests. Then, if they weren't hired, it wasn't really my decision."



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In Management

White-Collar Workers Get More Pay And Fancier Fringes in 1960

Office workers' salaries keep going up, and their

fringe benefits keep getting fancier.

The just-released 1960 salary survey by the National Office Management Assn. comes up with an average white-collar pay—nationwide—of \$73 a week, up \$3 from the 1959 mean. Once again the percentage increase over the year before, nearly 4.5% this time, outshone the 1.8% increase won by production workers in the same period. But the office employees are still far from matching the over-all blue-collar average of \$90.91 a week.

This year's NOMA study, covering 4.8-million U.S. workers in more than 7,200 offices, shows the usual wide differences in pay and rates of increase between jobs and between cities. The average salary for tabulating machine operators and for junior secretaries went up \$5 during the past year, while payroll clerks showed no increase in their mean pay. And some localities—especially the oil cities of Beaumont, Houston, Shreveport, and Tulsa—show average pay for some jobs of well above \$110, while Nashville lists its highest average pay for any job category at \$71.

The higher-skilled workers seem more and more in demand. In those job categories where NOMA differentiates between junior and senior workers, usually it was the seniors who got the biggest pay boosts. The gaps between the two grades have been widening over the years. For example, in 1957 there was a \$16 difference between two grades of accounting clerk; now the

difference is \$21.

Employers are continuing to pick up more of the tab for group life insurance policies, pension plans, and hospitalization. Continuing, too, are the trends toward more holidays, longer vacations, and shorter work weeks.

Thompson Named Chairman by Textron; Laporte Heads American Home Products

Royal C. Little last week kept his promise to give up the chairmanship of Textron, Inc., this year. The new chairman and chief executive is Rupert C. Thompson, Jr., who had been president since 1956.

Little will continue as chairman of the executive committee. He also will continue to direct Textron's acquisition policy, by which he has transformed the company from a \$100-million-a-year textile company into a \$300-million-a-year diversified holding company in five years. And Little has taken over the presidency of Textron Electronics, a Textron subsidiary. In this job he succeeds 35-year-old George W. Miller, who has replaced Thompson as president of the parent company.

New president of American Home Products Corp., big manufacturer of drug, food, and household products, is William F. Laporte, who had been executive vice-president since May 2. He succeeds the late Walter F. Silbersack

In other executive changes last week: Donald B. Tansill, former chairman of M. Lowenstein & Sons, Inc., became president and chief executive of \$23-million-a-year Firth Carpet Co. Tansill's chairmanship of the big textile producer ended May 10 when 76-year-old Leon Lowenstein reassumed the title he had given up last year to become "executive chairman" (BW-Mar.14'59, p103). At Firth, Tansill succeeds Harold E. Wadely, who remains chairman. Wadely gave up Firth's presidency once before, in 1957, but resumed it the next year.

Carrier Corp. last week advanced four of its vice-presidents, Charles V. Fenn, Russell Gray, Melvin C. Holm, and Walter Steitler, to the new title of executive vice-president. Fenn and Holm were elected directors under what the company described as a program of rotation that will let various officers have the experience of serving as board members for two years. Gray will also be president of a newly created Carrier Air Conditioning Co. Holm will serve as chairman of Carrier's planning committee and assistant to Cloud Wampler, 65-year-old chairman. Fenn, who will be assistant to the president, will supervise certain staff groups. Steitler will direct the operations of Elliott Co. and Carrier Research and Development Co.

Latest Management Game Pits Bankers Against Computer's Predigested Plan

Management games are getting more and more specific. The growing tendency to move from games about business in general to games representing particular industries was illustrated in Pittsburgh last week when officers of Mellon Bank & Trust Co. took part in a "bank management simulation." International Businesss Machines Corp., originator of the bank game, also has utility, insurance, and retailing industry simulations on the fire.

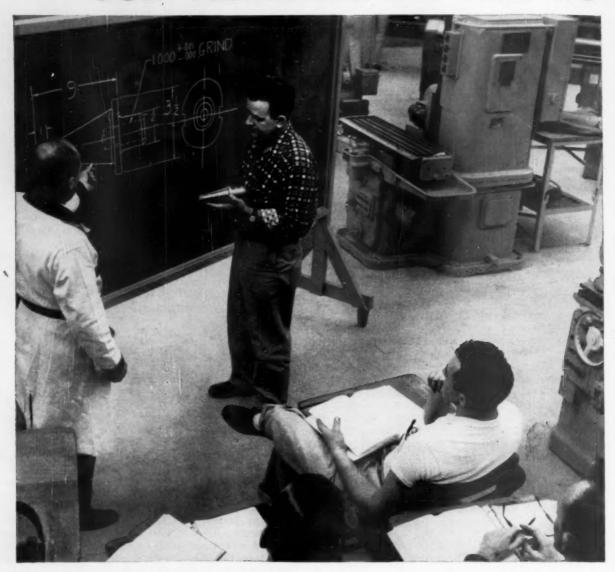
Three Mellon Bank teams each had three members representing different banking operations. Each team started with equal assets, capital, and deposits. For five hours the players made decisions taking their hypothetical banks through two years' operations quarter-by-quarter.

Decisions were fed into an IBM 650 computer, which figured out results of team decisions, applied the results to each bank's past condition, and computed current income. The teams, which set their own end objectives, were playing not against each other but against the

economy built into the computer.

John A. Mayer, Mellon Bank president, looks on the game as a valuable training device to give officers "a greater appreciation of the myriad and interrelated problems of bank management." F. G. Rodgers, IBM banking and finance industry manager, see "the true significance of bank management simulation" as the use of computers in "predictive management. . . With the aid of computers, in the future, banks may be assisted in determining the best branch locations and in getting a reasonably accurate estimate of the deposit and loan potential from those areas selected."

JOB TRAINING ON THE GO



This Industrial Education Center in Burlington, North Carolina, is one of eighteen initiated through North Carolina's unusual program for training men in new skills and techniques and for supervisory jobs in modern industry. Each training center is located and its curriculum established on the basis of a job-need survey.

For industries not quickly accessible to one of these eighteen schools, training is made mobile by means of fully equipped classrooms in large buses. Last year, North Carolina worked with sixty-one industries to reduce out-of-area recruiting and in-plant training.

Through this vocational program, plant managers in North Carolina find workers trained to specific needs and continually upgraded in their jobs. It is a new step in North Carolina's long-standing policy—"help industry grow!"

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NORTH CAROLINA

In Finance

Hertz Settles Antitrust Suit, Agreeing to Sell Disputed Units

Hertz Corp., the nation's leading car rental company, signed a consent decree in federal court that will cut down, at least for this year, on its leasing activities. Walter L. Jacobs, Hertz president, insisted that the order will have only a temporary impact on earnings and "doesn't in any way affect our growth in the auto and truck rental fields."

The Justice Dept. had charged Hertz with making acquisitions that lessened competition both in New York and Florida. In Florida, Hertz must sell within "a reasonable time" all the assets of Couture Rent-A-Car System, including up to 1,000 rental autos and 90 leased autos; in New York, Hertz has to get rid of some 900 trucks. In addition, Hertz is barred from entering deals that keep other companies out of its field or from obtaining "exclusive concession agreements" with airports, airlines, or other transportation facilities.

Hertz will still have about 4,000 cars in Florida and more than 3,000 trucks in New York. Jacobs adds that there is nothing to prevent the company from buying new trucks and cars to replace those it must sell, provided that it deals only through its own outlets.

The company is not expected to sell all of its cars immediately. It will try to find fleet buyers because the used-car market is still soft, and will probably use the "reasonable time" allowance as liberally as it can. Says Jacobs, "It may take us six months before we find buyers."

New York City's Large Commercial Banks Rush to Set Up Suburban Branches

In homestead-land rush style, New York City's banks stampeded for permission to set up branches in the fast-growing adjacent suburbs, which they were allowed to enter for the first time on July 1 (BW—Mar.26'60,p32). Just as promptly a big suburban bank, Franklin National Bank of Long Island, started legal proceedings to block the state's Banking Dept. from approving the expansion moves. Franklin contends the new law violates state and federal constitutions, and is invalid.

The city's three largest commercial banks, Chase Manhattan, First National City, and Chemical Bank New York Trust, applied for 17 branches in Nassau and West-chester counties, some of them in the same areas. Twelve other banks and mutual savings institutions in the state also applied for a total of 14 branches. The state banking authority will decide who gets what.

The move toward the branch method of expansion is interpreted partly as a sign that they are heeding State Banking Supt. G. Russell Clark's warning that he will not look with favor on any acquisitions of a large suburban bank by the bigger city banks. Moves by the

latter to branch out also put pressure on two other city banks, Bankers Trust and Manufacturers Trust, which are seeking stockholder approval to boost their authorized number of shares specifically to acquire suburban banks.

Standard Brands Claims Control Of Planters, but It's Challenged

Standard Brands, Inc., claimed victory this week in its battle for control of profitable Planters Nut & Chocolate Co. It said it now has majority control through its \$12-million stock deal with Planters (BW-Jun.25'60, p125) and its subsequent offer to Planters' stockholders for shares at \$105.

However, this claim was disputed. The original \$12-million block acquired from trusts established by Amedeo Obici, Planters' founder, is still tied up in a federal court in Scranton because the management of Planters has refused to transfer this stock to Standard Brands.

Earlier, Standard Brands' offer was countered by one from another unnamed food company acting through Kuhn, Loeb & Co., New York investment bankers. Three trustees of the Obici trusts said the new offer exceeded Standard Brands' offer, and they insist they will continue to fight Standard Brands' claim of control until they have heard all offers for the Obici stock.

Finance Briefs

Radio Corp. of America officially explained why it is calling its 3½% convertible debentures. It's to encourage holders to convert the debentures into stock (BW-Jun.25'60,p125), thus broadening its equity base to provide more flexibility for later financing. The redemption price is 104½. The debentures, though, may be converted into RCA common stock up to July 19. Each debenture can be converted into about two RCA shares; RCA traded at \$66 this week, so two shares would be worth \$132.

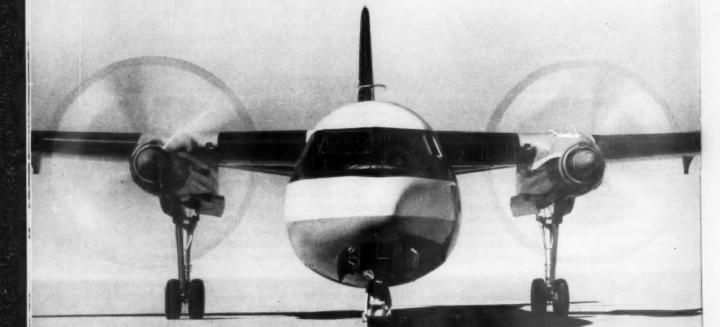
An "accounting adjustment" is given as the reason for the nosedive in earnings of Schenley Industries, Inc., during the May quarter. Schenley had a deficit of \$457,000 for the quarter, compared to a profit of \$3-million for the comparable 1959 quarter. In its February and May quarters, the company has written off non-recurring charges of \$1.42-million. A company spokesman said: "There has been no change in accounting practices. We have simply made an accounting adjustment—done all the time in industry. But we are not willing to go into why the accounting adjustment was made."

Arthur Vining Davis has sold 6-million of his 6.6-million shares in Miami-based Riddle Airlines, Inc., to a group headed by Robert M. Hewitt. Hewitt, an airline consultant, was called in as president by Davis last fall to rejuvenate Riddle. Now the sale of Davis' stock gives Hewitt's group voting control. Hewitt estimates Davis may have lost "over \$5-million in Riddle over the years," but he says the airline—which will show a sizable loss in the year just ended—may operate at a slim profit in 1960.

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Labor Suffers Double Setback

A modified minimum wage bill that falls short of AFL-CIO goals has been passed by the House.

And a flaw in the bill, which could remove 14-million persons from coverage, may prevent final passage.

Another labor goal, removal of restrictions on construction site picketing, is all but dead for this session.

Last week, Congress dealt a staggering blow to organized labor's demands for revision of the federal minimum wage and Taft-Hartley laws.

Only the extra Congressional session in August prevented a final knockout to both legislative goals. Even with this reprieve, it is doubtful that union officials can rally enough support to resurrect their campaigns.

Those opposed to liberal legislation virtually killed off prospects that Congress would (1) hike and extend the federal minimum wage to labor's liking if, indeed, such legislation passes at all, and (2) amend Taft-Hartley to permit building trades unions to picket construction programs.

I. House Action

Both goals have been high on AFL-CIO's legislative list. Until last week, both were given good chance of approval. At least the prospects were better this session than in many previous years.

However, in quick succession:

· A coalition of House Republicans and conservative Democrats passed a much-modified minimum wage bill that would raise the pay floor to \$1.15 and extend the law's coverage to fewer than 1.5-million retail workers. Neither increase satisfied the demands of liberal Democrats, backed by union officials: they sought a \$1.25 minimum wage and an extension coverage to 4-million retail and service employees.

· A combined maneuver by the House Rules Committee and House Labor Committee Chmn. Graham Barden blocked attempts for a House vote on a proposal to end the Taft-Hartley restriction on construction site picketing-a long, hard-fought goal of AFL-CIO's powerful building trades

unions.

Even though the Senate has to act on both measures, probably at the August session, it's highly unlikely that it can advance either bill beyond the

· Faulty Bill-In fact, when the House

voted the modified minimum wage bill, it may have killed its legislative prospects entirely. After approval of the measure, 211 to 203, an apparent flaw was discovered in the bill that could remove some 14-million workers currently covered by the wage-hour law.

If the House action is nullified, the prospects are slim for adoption of another minimum wage measure in the time remaining in the August session.

There's an outside chance, although a slim one, that both measures might be revived. When Congress recessed last week for the political conventions, it provided time for proponents of the labor-backed bills to maneuver-not only in Congress but also at the conventions.

· Angry Unionists-AFL-CIO union leaders were angered by their failure in Congress last week. They expect to have more leverage at the Democratic convention where the discussions will center on the candidate for whom 15million union members will vote.

The unions will make a strong effort to prod Congressional leaders to come up in August with a strong, last-minute liberal legislative record for the November elections.

II. How It Happened

Once again, in a pattern that followed that which led to the passage of the Landrum-Griffin reform law last session. House conservatives took control of both labor-backed bills. They did it in a combination of adroit political maneuvering over the Taft-Hartley picketing bill and a sheer test of strength on the minimum wage law.

In both cases, the House Labor Committee had approved measures sponsored by AFL-CIO leaders, over the strenuous objections of employer organizations. Neither measure got to a

vote on the House floor.

The conservative House Rules Committee refused to release the construction picketing bill to a vote. A concurrent maneuver by House Labor Committee Chmn. Barden kept his

committee, despite its liberal majority, from bypassing the Rules Committee in its last opportunity in this Congress.

Barring a complete reversal, the measure to lift the Taft-Hartley restrictions on construction site picketing is dead for this session.

· Substitute Wage Bill-When it came to minimum wage, the Rules Committee again stepped in by releasing two bills for a House vote: A union-backed measure sponsored by Rep. James Roosevelt (D-Cal.) and a substitute offered at the last minute by Rep. William H. Ayres (R-Ohio) and Rep. A. Paul Kitchin (D-N. C.). The House took up the latter first, and approved it without getting to the Roosevelt bill at

The strength of the conservative opposition to the Roosevelt measure was evident during the debate before the House vote, when Roosevelt agreed to take a \$1.15 ceiling-instead of a graduated \$1.25 minimum wage in three years. But the bigger fight centered on extended coverage and the Roosevelt proposal to bring some 4-million retail and service employees under the law.

By passing the Roosevelt bill, which would have applied the minimum wage to all retail and service employees in establishments grossing over \$1-million annually, the House members voted for the Avres-Kitchin version that would encompass all employees of retail companies having five or more outlets in at least two states.

• Extensive Exemption-Before the House voted on the final bill, it approved an amendment by Rep. Frank E. Smith (D-Miss.) designed to exempt certain agricultural processing plant emplovees from the measure. As the amendment was written, however, it apparently excluded from coverage all persons working in cities of less than 250,000 population, an error that later was uncovered by Labor Dept. specialists who said this would remove 14-million workers currently covered by the

This mistake could, of course, be corrected in a Senate-House conference once the Senate passes its own mini-mum wage bill. The Senate version is expected to be much closer to labor's demands, including both the \$1.25 minimum and greater coverage

However, the House Rules Committee, which so far has had its way, can prevent a Senate-House conference and force the Senate to take the House bill -or nothing. With the error in the Avres-Kitchin version, the former choice apparently would be impossible. END



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NMU Junketers Visit Russia

But other AFL-CIO unions obey policy by staying away from the Soviet bloc. West Coast Longshoremen set up study tour for 24 rank-and-file members.

Joseph Curran, president of the National Maritime Union, and a delegation of NMU officials are visiting Russia for two weeks this month—despite an official AFL-CIO policy adopted in 1955. This rules out visits "to any country which prohibits free trade unions, outlaws all free trade union activities, and penalizes workers for advocating free trade unionism." It is aimed primarily at the U.S.S.R.

However, few American unions were on visiting terms with Russians a decade before 1955. The NMU trip, on an invitation from the Sea & River Workers Union, is the first since a delegation from the old CIO went to Russia in 1946. Curran was in that group.

NMU's party has an itinerary that includes Soviet seaports, industrial centers, and workers' rest areas. Premier Khrushchev plans to meet with the delegation during its visit to Moscow.

• Previous Meeting—Curran was one of a small group of U.S. union leaders, including Walter Reuther of the United Auto Workers, who met—and angrily debated with—Khrushchev during the Premier's visit to San Francisco last fall.

Curren asked Khrushchev then whether Soviet unions were really free—to strike, for instance. Sure, Khrushchev replied, although "there is no need to strike now—the government works for its workers."

The invitation to Curran and his NMU aides is believed to have resulted from that question. Curran said he would have turned down an official bid from any Soviet government agency but was willing to visit a Soviet workers' organization "in a skeptical way"—to see for himself how independent it is.

Obviously mindful of AFL-CIO's objections to the Russian trip, he said, "With the world in the condition it is in now, a stand-pat do-nothing attitude on the part of any responsible group is wrong," Curran said.

Curran is known in labor as anti-Communist; he was a leader first in a battle to curb leftwing influences in NMU, then in the former CIO's purge of unions that hewed to a leftist line. His visit to Moscow differs from a trip made behind the Iron Curtain a year ago by Harry Bridges, the leftwing head of the International Longshoremen's & Warehousemen's Union.

Bridges returned with appreciative words about labor conditions in Soviet bloc countries. His views were widely unpopular. • "Educational" Project—Nevertheless, ILWU shortly will send 24 rank-and-file members abroad—in eight three-man groups—to study foreign trade unions. Other unions have sent delegations overseas in the past, but this is the most extensive "education" project undertaken. The delegations, visiting different areas will be abroad three weeks.

Bridges first broached the "study

Bridges first broached the "study plan" to the ILWU convention in April, 1959, after a detailed report on his seven-week tour of Europe and the Middle East. There's entirely too little understanding of foreign workers and their unions, he complained. The convention voted to send unionists abroad—all expenses paid, up to \$20 a day, plus travel, and an additional \$20 a day to offset lost wages while abroad.

The convention approved two assessments of 50¢ a year on the union's 65,-000 members. The levies collected in 1959 and 1960 so far have established a travel fund just topping \$50,000.

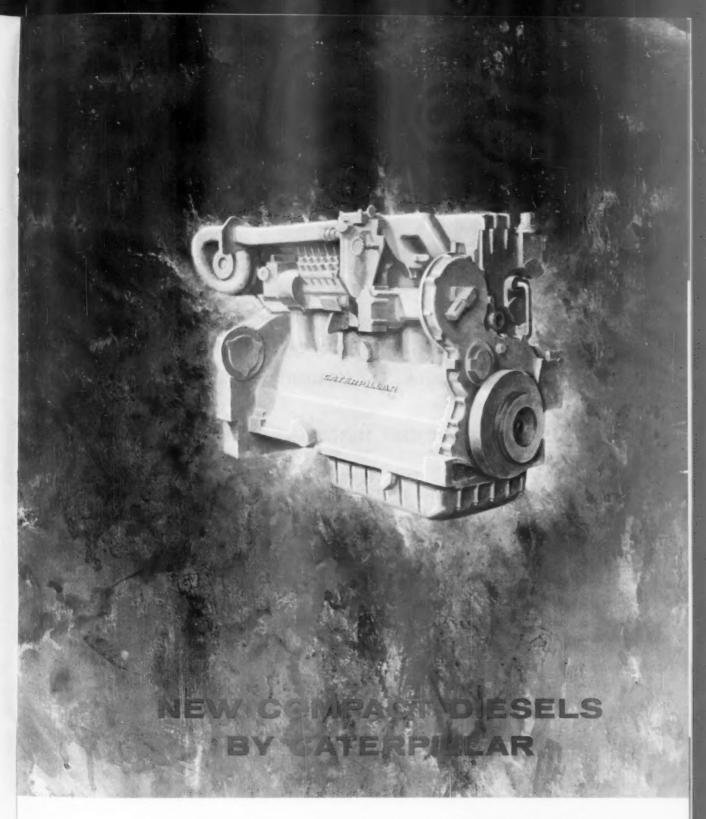
• Limiting Proviso—The convention, in approving the study plan, added this proviso: None of the international union officers, board members, or staff people would be eligible to make the trip. Many ILWU locals are staunchly anti-Communist although they support Bridges and others with leftist sympathies on their record of economic results for the union. This restriction of who could go abroad for ILWU provided a checkrein on the delegations.

Each ILWU area is entitled to twice as many "tourists" as it has members on the union executive board.

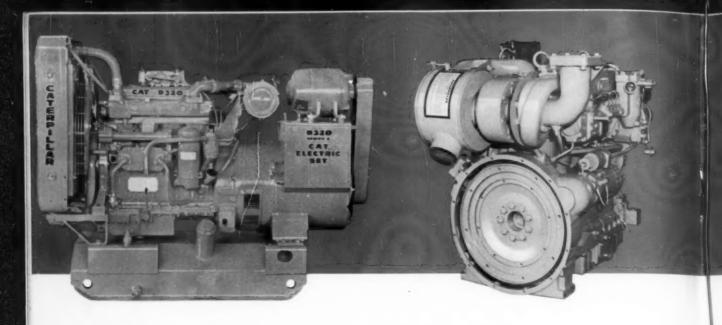
The final selection was made from local union nominees by area subcommittees of the executive board. According to Morris Watson, ILWU information officer, the criteria included union activity and service, and special weight was given to "articulate, inquiring people who will be able to make effective reports to the membership."

The international has worked out three-week itineraries that include visits to the Philippines, Indonesia, India, Iraq, Turkey, Egypt, Greece, Romania, Poland, Czechoslovakia, Great Britain, France, Germany, Belgium, Denmark, Italy, Kenya, Ghana, Cuba, Venezuela, and Mexico.

Watson said that the delegation will study "general conditions" of overseas labor—how trade unions work, their political effectiveness, and their relations with both governments and employers.



Caterpillar announces a new line of four-cycle diesels that sharply reduces physical dimensions and weight-to-horsepower ratio. Features of durability, fuel economy and dependability, long associated with Caterpillar four-cycle diesels, are still apparent.



D320...130 HP

(Shown as Electric Set*)

D330...180 HP

(Shown as Industrial Engine*)

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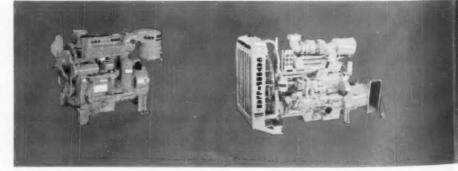
These engines and the rest of the Cat Diesel line are designed for your job or manufacturers' equipment whether it be industrial, electric power generation or marine.

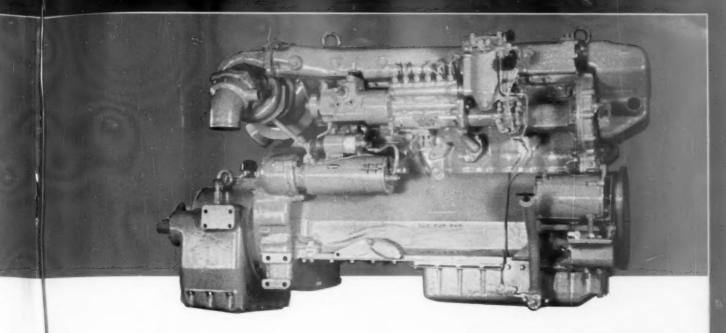
Shown below are more models. Space prevents the illustration of Caterpillar's complete line running to hundreds of configurations.

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D311H POWER UNIT

D337 EXCAVATOR MODEL





D333...270 HP
(Shown as Marine Engine*)

*All available in industrial, electric set, or marine configurations. These are maximum usable horsepower ratings with 85° water to aftercooler.

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D342 MARINE

G375 NATURAL GAS

D397 ELECTRIC SET







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18¢-Or Else

Oil union polls its locals on making the blanket hourly raise a mandatory demand for all of them.

The international bargaining committee of the Oil, Chemical & Atomic Workers has recommended a "mandatory" 18¢-an-hour wage increase for contracts negotiated in the oil industry this year. If three-fourths of all locals approve the recommendation, settlements for less than 18¢ an hour will be rejected by the international.

The union's last convention set up new and more potent bargaining machinery, to tighten up on sharply criticized "loose" negotiating practices. Delegates authorized the establishment of international bargaining committees in each industry in which the union has contracts. So far, the only committee set up and functioning is that in the oil industry.

This 10-member committee met in Denver last week after holding a scries of regional conferences at which bargaining goals for 1960 were discussed. It decided on only one "must" demand: a substantial 18¢ increase in pay.

• Secondary Issues—The union will bargain for other things, too, including increased fringe benefits, prohibitions against subcontracting work, and a shorter work week. However, these bargaining goals will be secondary. Locals can bargain as they wish on them—and sign contracts for whatever they can win.

On wages, if 75% of the members of bargaining units in the oil industry accept the mandatory 18¢ raise figure, in secret balloting, all locals are committed not to settle for less. Any agreement for a smaller pay hike will be rejected by the international.

International officers expect the 18¢ raise will be supported overwhelmingly in the secret poll. The last general raise in the industry was in January, 1959. According to OCAW's Pres. O. A. Knight, the cost of living has risen about 2% since then, the equivalent of 6¢ an hour in oil industry wages. The other 12¢ an hour sought in 1960 is justified, according to Knight, by the increased productivity in the industry, 41% since January, 1959, as the union figures it. · Policy Switch-In the past, the union has asked for raises on a percentage basis. The demand in cents per hour, the same for everyone, is a change of union policy, and one that could lead to some grumbling. Skilled workers, higher paid, would like to stick to the percentage basis of increases, to maintain their wage differential. END

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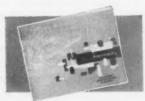


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Labor-Negro Division Widens

Convention of NAACP sees labor snub, hits AFL-CIO lack of "decisive action" on Negro rights, hears blast by Negro leader; this could mean more trouble for AFL-CIO.

The serious division between the labor and Negro movements widened at a convention of the National Assn. for the Advancement of Colored People in St. Paul. It may now be difficult

This could have deep implications for AFL-CIO. One of its most pressing current problems-one sure to come up at the federation's executive council meeting in the Poconos next month -is the growing disaffection of Negro unionists for the main body of American organized labor. The founding of the Negro American Labor Council (NALC) was a sure sign of this (BW-Apr.30'60,p139).

Race troubles would be serious prob-m in AFL-CIO at any time. They lem in AFL-CIO at any time. could be critical now, when the federation is under other serious strains.

· Snub to NAACP-Since the merger in 1955, AFL-CIO's Civil Rights Dept. has made a firm point of being represented at NAACP conventions-ordinarily by Boris Shishkin, the department director. This year, nobody showed up to represent AFL-CIO officially. Ted Brown, assistant director of the department, a Negro, arrived late but made clear that he had come on his own-not as an official representative of the federation.

Others in the broad labor-civil rights area were absent, too, and NAACP spokesmen and convention delegates protested openly of a labor snub. An apparent boycott of NAACP's traditional labor dinner by the Twin Cities unions increased tension; hardly a halfcozen white unionists showed up for the bi-racial dinner.

Initially, the dinner was to be spon-sored by the St. Paul Trades & Labor Assembly for the NAACP. But then Herbert Hill, labor secretary of NAACP, called on the National Labor Relations Board to enforce the l'aft-Hartley Act against a "closed shop against Negroes" in the building trades. Carl Winn, AFL-CIO regional director in St. Paul, quit NAACP in protest. The local labor council dropped dinner

sponsorship plans. The dinner was sponsored, finally, by the Negro American Labor Councilan organization that also is meeting with disturbed antagonism in much of AFL-CIO.

· Hill or NAACP-Some federation spokesmen say that if there is a developing coldness in AFL-CIO toward NAACP-and they won't concede there is-it is not directed toward Negroes generally or their association but toward Hill. White labor's criticism frequently is of Hill's personal activities; he is described, by the mildest of critics, as "a troublemaker" for labor.

Last month's NAACP convention

adopted a resolution, at Hill's urging, that said that "colored workers especially need the protection of a vigorous union movement to prevent their economic exploitation." Then the resolution protested:

• There is "great disparity between the declared public policy of the national AFL-CIO against racial discrimination and the day-to-day reality experienced by Negro wage-earners."

· So far, AFL-CIO has failed to

take "decisive action" on Negro rights.

• As a result, segregated locals still can be found in many unions; in some industries, particularly in the building trades and other crafts, Negroes may be barred from jobs, or be at a disadvantage on seniority because of their separation from white union-

The NAACP resolution also protested that some leaders of certain international unions operating in the South -anxious to avoid race problems-"are permitting racist elements to gain control over local union operations; in some instances, union shop stewards and business agents openly solicit funds and support for White Citizens' Councils.'

· Backing for Hill-Hill told the NAACP that many Negroes in the South are turning away from AFL-CIO as a result of "an acute sense of alienation and rejection from organized labor.' He cited recent NLRB elections in Aiken, S. C., Carrollton, Ga., and Atlanta as three in which Negro antiunion votes were decisive in defeating labor organizing efforts.

Union organizers have long recognized that Negro workers pose problems for them in Dixie. The international staff people give a different reason for the Negroes' lack of support-feeling more insecure, they say, the Negroes are too easily influenced by employers anxious to keep unions out (BW-Mar.

Hill urged action by NAACP to enforce Negro civil rights inside the labor movement as well as generally. The convention approved his demand for a test case before the NLRB on the closed-shop issue "as a last resort." A floor effort to modify the action to avoid "in effect, declaring war on labor" was beaten overwhelmingly.

· Randolph Blast-A. Philip Randolph, president of the Sleeping Car Porters and founder-head of the NALC, criticized AFL-CIO-and by inference George Meany, its president-in an unusually frank speech. A "gulf of misunderstanding" seems to be widening between the Negro community and the labor community, Randolph commented

This will continue, he said, until "the liberal and labor forces of the nation fully comprehend the fact that [the surging Negro movement of today] is a great moral revolution."

"It is unfortunate that some of our liberal friends, along with some of the leaders of labor, even yet do not comprehend the nature, scope, depth, and challenge of this civil rights revolution which is surging forward in the House of Labor," Randolph said.

"They elect to view with alarm practically any and all criticisms of the AFL-CIO because of racial discrimina-

In this respect, said Randolph, they assume to speak for Negro trade unionists and Negro workers. This is an outgrowth of the "color caste system of our American culture" that he said has led to a "race habit" for the white man to speak for the black man.

But this civil rights revolution marks the end of this era of white leadership serving as the spokesman of Negro America," he warned.

Randolph made clear that the NALC wants from the AFL-CIO more than "any piecemeal settlement of cases of discrimination by trade unions here or there." It's after "a major, massive, systematic offensive, on the part of the AFL-CIO executive council and leadership, against the whole concept of discrimination in the labor movement." he said.

· Why the Split?-The split between Negro and labor, on the face of it, stems from a difference in emphasis, a choice in priorities. The Negro has only one priority-civil rights. Labor includes civil rights as one of many issues and inevitably regards it as a subject for political bargaining on social and economic issues.

But the split has even deeper causes. It arises out of the Negro's declaration of independence from white leadership and white direction in the civil rights fight-the Negro view today is that the whites, in labor or in other fields, are unreliable race campaigners when the chips are down, and that only the Negro



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can carry through to race victories.

"Negro trade unionists and workers must bear their own cross for their own liberation. They must make their own crisis decisions bearing upon their life, labor, and liberty," Randolph told the NAACP.

 Notice of Fight—The spokesman for Negro labor served notice that although there ought not to be any fight between labor and the Negroes, there will be one —inevitably—if rights demands are ignored and "intolerable" conditions

Most leaders in AFL-CIO are confident the internal dispute won't come to that; they expect a compromise. But within NAACP and the new NALC, there is now little inclination to give ground on any major point; encouraged by backing from several large industrial unions committed against bias (BW-Jun.11'60,p82), they say flatly that half-measures won't be accepted.

Truckers, IBT Coexist Peacefully

The split between the Teamsters and the AFL-CIO has had little effect within the industry, truck companies say.

The trucking industry's relations with the International Brotherhood of Teamsters "in general . . . have been good," and the American Trucking Assn.'s national forum on industrial relations found nothing in the offing that will change this.

The forum, in Cincinnati last week, appeared determined to follow a "don't-rock-the-boat" policy with the Teamsters. There was no talk—as last February—of a need for more joint bargaining and the establishment of a strike insurance plan to reimburse truckers whose union drivers walk out.

The ATA does not engage in collective bargaining, and does not intend to get into it. Its role is advisory. The industrial relations conference in Cincinnati was devoted primarily to studying with lawyers and labor relations experts problems that might arise under changes in federal labor laws. Some 150 representatives of trucking companies also exchanged views on IBT.

• Outlook in Trucking—Generally, according to Welby M. Frantz, president of the association, the conferees seemed to agree:

• The industry will continue to deal with the union on a regional or local basis; there's little likelihood that either the truckers or the union will push national bargaining—despite IBT Pres. James R. Hoffa's occasional talk of the union's intention to negotiate national or industrywide contracts.

Although there are new remedies and safeguards in federal law now, under the Landrum-Griffin Act, the industry intends to continue to try to settle disputes with IBT "within the family," or directly with the union, instead of using legal remedies—considered the last resort.

• What has happened in the labor movement—the break between AFL-CIO and the Teamsters—has had very little effect within the industry. According to Frantz, trucking employers feel that "the unions' internal problems are labor's own business, just as industry problems are ours to settle."

• Little Raiding—When the AFL-CIO ousted the Teamsters, the trucking industry got set for trouble. It expected raiding by the federation and efforts to persuade truckers' locals to break off with the Hoffa-led parent union. There has been a little of both, but nothing like what was expected. Both the IBT and the federation have avoided all-out skirmishes that could have put employers dangerously in the middle.

"The restraint of the AFL-CIO affiliates and the Teamsters in this respect has been remarkable—up to now," William J. Curtin, a Washington labor lawyer, told the Cincinnati conference.

The industry's biggest jurisdictional troubles have resulted from competition between locals in the loose-knit IBT. Generally, these have been easily resolved through appeals to the international union.

In internal disputes, according to Curtin, "the international has always been willing to allow an employer to testify or submit briefs on his position in the jurisdictional dispute." The employer thus is given a voice in deciding which of two locals should have available jobs.

• Ford Warning—The question of national bargaining, of "lively but academic" interest in the industry, brought Malcolm L. Denise of the Ford Motor Co. as a guest to the conference. Denise, vice-president in charge of labor relations for Ford, told the truckers that "summit" bargaining—in which a few business leaders deal with negotiators for a powerful union—can be dangerous because it tends to present a picture of labor and management leaders "carving up profits at the expense of the public."

Denise expressed a belief that AFL-CIO leaders encourage "big bargaining" because its public impact often works to the advantage of the unions.

The Ford official told the truckers that industrywide or national bargaining should not be extended further—but done away with altogether. END

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In Labor

Garment Maker Insures No Work Loss Due to New Operation Overseas

The International Ladies' Garment Workers' Union last week won a first agreement safeguarding earnings of U.S. employees of a company that has opened a factory

overseas. The pact ended a four-week strike.

The ILGWU did not question the right of the company—the Kenrose Mfg. Co.—to open a plant in Ireland, to expand its operations. It struck for assurances that the overseas operations, with lower labor costs, would not reduce the amount of work available at Kenrose's four plants in Virginia.

The company contended that production in Ireland would not cut into that of U.S. plants. It resisted ILGWU's demands as a matter of principle. Last week, however, it agreed to accept "certain clauses" to support its contention that employees in this country would not

lose work or wages.

The agreement sets up a complex formula for what the union describes as a supplementary unemployment benefit fund. Under it, according to ILGWU, the employer's contingent liability will be a maximum \$30,000 a year, to be contributed to a reserve fund—jointly administered—on the basis of 30¢ for every dozen garments made in Ireland and sold in this country. Payments from the fund will be made in Virginia if earnings drop as a result of the Irish production.

Between Nixon and Sen. Kennedy, Hoffa Says He'd Choose Nixon

If the Democrats nominate Sen. John F. Kennedy for the Presidency and the Republicans choose Vice-Pres. Richard M. Nixon, James R. Hoffa will call on the Teamsters to help elect Nixon. The truckers' union president said he "certainly wouldn't back Kennedy," a strong favorite of most of labor (BW-Jul.2'60,p80).

Hoffa considers Kennedy unacceptable, he says, because of the role he took in getting labor reform legislation through Congress last year. That's only a small part of the reason, however. The real antagonism goes back to the sharp clashes between Kennedy and Hoffa during the Senate's investigations into Hoffa and the Teamsters.

Survey Shows That Wages Vary Sharply Between Cities and Between Areas

Wages are often discussed in terms of national averages. Actually, there are sharp differences between areas and between cities. Some of these are shown in a survey of rates just released by the Bureau of Labor

Statistics, covering New York City, Chicago, Albany (N. Y.), Phoenix (Ariz.), and Charlotte (N. C.).

In the white-collar field, male accounting clerks range in salary from \$95 a week in Phoenix and \$96 in New York to \$105.50 in Chicago and a high of \$110 in Charlotte. Women secretaries range from \$54 in Albany, \$74 in Charlotte, and \$80.50 in Phoenix to \$91.50 in New York and \$93 in Chicago.

In the professional-technical field, senior draftsmen receive \$101 a week in Charlotte, \$126.50 in Chicago, and

\$128 in New York.

Among hourly paid workers, carpenters range from \$1.97 in Charlotte to \$2.67 in New York and \$2.99 in Chicago; electricians from \$2.34 in Charlotte to \$2.78 in New York and \$3.09 and \$3.10 in Phoenix and Chicago; and machinists from \$2.21 in Charlotte to \$2.90 in New York and \$3.09 in Chicago.

Individual Union Leaders, Members Ruled Not Liable for Strike Damages

Officials and members of a union can't be sued for damages caused by a strike—even if the walkout violates a no-strike clause in a labor contract. Federal Judge Luther M. Swygert handed down that ruling in Chicago last week, and the decision now appears headed for tests in appellate courts.

Sinclair Refining Co. sued the Oil, Chemical & Atomic Workers, its Local 7-210, and 24 individual unionists for \$12,500. The company alleged damages resulting from 12 "wildcat" work stoppages in its East Chicago refinery

in late 1958 and 1959.

Judge Swygert ruled that "union members or officers cannot be held individually liable for acts of the union as, similarly, stockholders and officers of a corporation are not liable for corporate acts."

Oil Union Says Its Bonding Company Has Little to Pay on Mishandled Funds

When two AFL-CIO unions merged to form the Oil, Chemical & Atomic Workers five years ago, a new constitution set up requirements for bonding international and local officers charged with the handling of union funds.

Since then, according to OCAW, close to \$25-million has passed thorugh the hands of 3,000 officials. The bording company has had to make good on only \$12,000 of mishandled funds; of that amount, it recovered \$4,000. OCAW Secy. Treas. T. M. McCormick said the mishandled funds figured out to less than 1¢ per member over five years.

The "mishandled funds" included money involved in disputed rules interpretations; for instance, McCormick said, in several instances locals voted to withhold portions of per capita taxes due the international and the latter called in the bonding company to make good for a technical breach of the fiduciary trust of the local's

In Transportation

Celler Committee Seeks to Hold Port Authority Chiefs in Contempt

The House Judiciary Committee last week voted to cite three officers of the Port of New York Authority for contempt of Congress. In so doing, the committee, headed by Rep. Emanuel Celler (D-N. Y.), threatened to precipitate a test of power between federal and state governments.

The authority, whose transportation network in Greater New York includes Idlewild Airport (page 86), was created under a compact between New York and New Jersey, approved by Congress in 1921.

The question now is whether Congress may scrutinize the internal operations of any such bistate agency.

Celler has brought the issue to a head in an investigation to see whether the Port Authority (1) exceeded the scope of the compact and (2) carried out its responsibilities.

To help committee investigators, the authority supplied them with mountains of public records such as board minutes. But, under instructions from Gov. Nelson A. Rockefeller of New York and Gov. Robert B. Meyner of New Jersey, the three officers refused to comply with a subpoena for internal memos, work sheets, and the like. This subpoena, the governors said, represented "a novel intrusion by the federal government into areas reserved by the Constitution to our respective states." However, the Constitution also appears to give Congress jurisdiction over pacts between states.

Before his committee voted to cite the officers for contempt, Celler refused to discuss the matter with the governors. But after the vote, he said he would talk with them before asking the full House to cite the men. The three are Chmn. S. Sloan Colt, former chairman and president of Bankers Trust Co.; Executive Director Austin J. Tobin, and Secv. J. G. Carty.

Nantucket and Martha's Vineyard Resorts Again Linked to Land by Scheduled Ships

Ships resumed runs over the July 4 weekend between the coast of Massachusetts and the vacation resort islands of Martha's Vineyard and Nantucket, after a 76-day strike unequalled in length and bitterness.

A compromise was finally reached between the New Bedford, Woods Hole, Martha's Vineyard & Nantucket Steamship Authority on one side and two unions on the other—Federal Local 24053 of AFL-CIO and Teamsters Local 59.

The settlement called for no pay raise this year but for 4% hikes both in 1961 and 1962, plus improvements in a hospitalization plan, unemployment compensation for workers laid off in winter, and arbitration of future disputes under the contract.

Earlier, the two unions had demanded a 10% across-

MORE NEWS ABOUT TRANSPORTATION ON:

 P. 86—Network of terminals rising at New York's Idlewild discards traditional concept of airports.

the-board wage boost and numerous other benefits. Islanders were incensed at these demands, since they must make up part of the authority's annual deficit. Last year, it totaled \$240,000. Few year-round residents make as much as authority employees, whose income last year, for example, ranged from almost \$13,000 for captain down to nearly \$6,500 for head porter.

The strike's effect on the island economies was serious—but not desperate. Fishing and excursion boats formed a shuttle service for mail, food, and passengers, "very much like Dunkirk," according to one resident, "and in many ways giving us better service."

One authority member estimated that most cottage owners returned to the islands for the summer despite the strike. But the makeshift transportation discouraged 40% of the usual excursionists.

NH Pays Interest Despite Deficit As B&M Stretches Out Bond Issue

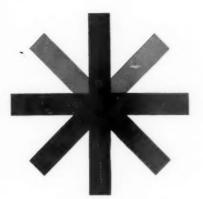
New England's two largest railroads—the New York, New Haven & Hartford and the Boston & Maine—rattled through a series of troubles this week.

The New Haven reported a deficit of \$5.5-million for the first five months of 1960, compared with a \$3.1-million dip into the red in the same period a year earlier. Despite this, it was able to pay \$1.5-million in semi-annual interest on its first mortgage bonds, due July 1-something Boston and New York financial circles had feared it would be unable to do. The road has been losing money steadily since 1957.

On another front, the New York Public Service Commission blocked the New Haven's request for increases of 10% in intrastate commuter fares and 5% in other fares. But Connecticut, Massachusetts, and Rhode Island approved similar fare boosts, and the Interstate Commerce Commission gave its O.K. to a slight hike in interstate fares. Still, these increases won't go far to improve the lot of New Haven passengers, said Frederick J. Orner, operating vice-president, before an ICC investigation this week. The road needs \$100-million to modernize its passenger fleet.

Meanwhile, the Boston & Maine received approval to extend an issue of nearly \$49-million in 4% bonds maturing July 1. It needed a nod from 75% of the bondholders to do so. The key holder was the Commonwealth of Massachusetts, with \$1.9-million of the bonds. Thanks to its acceptance of the offer after "some difficulty," B&M got approximately 79% approval.

The railroad will replace these 4% bonds and \$902,000 worth of 43% bonds due next April 1 with a new series of 6% bonds due in 1965. These will cost almost \$1-million a year more in fixed charges, but the B&M is counting on operating economies and increased revenues to take care of the difference.



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Terminal City Rises at Idlewild

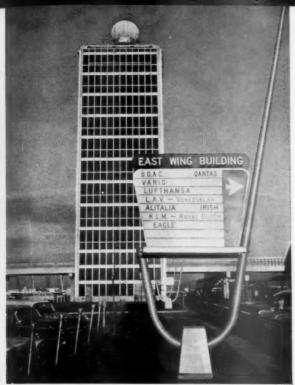


DECENTRALIZED design separates foreign traffic (buildings flanking tower) from domestic. The big U.S. trunks have their own terminals strung along loop of dual roads.

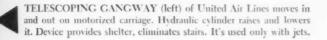
The giant network of terminals at New York International Airport discards the traditional central building concept. Instead, it decentralizes to manage the record flow of traffic.

Instead of a single terminal there will be 10. Several will house only one airline each, some many more. Altogether, they will accommodate easily the 12-million or more passengers a year that are expected to get on and off the planes of 40 airlines.

This is Terminal City (pictures), a giant, elaborate network of airline terminals and satellite structures forming at New York International Airport. Before it is completed in



CONTROL TOWER dominates Terminal City, has staff of 65. Pilots complain 150-ft. height is a hazard. Behind tower are International Arrival Bldg. and wings occupied by 21 foreign lines.



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BIG TRUNKS wanted their own terminals, so plan for a big single structure was dropped. Crescent-shaped terminal is United Air Lines'. Stained glass faces American (rear).



EASTERN AIR LINES' new building will accommodate 5-million air passengers a year. An elaborate ramp system steers travelers to plane.





FLEETS OF TRUCKS servicing planes are costly overhead. Some airlines are planning underground fuel hydrants and water and power installations at loading gates.

CUSTOMS (left) checked baggage of 911,000 incoming passengers last year. The building has a glass-paneled upper level for onlookers.

It takes 22,100 people to service International's airlines and passengers. By 1965, the Port of Authority estimates that 32,000 will be needed.



CONCESSIONS are lone source of airlines' terminal revenue. Lines built terminals, but Port of New York Authority owns them, charges airlines rent.



20-MILLION GALLONS of fuel flow into a monthly average of 18,000 planes departing from \$150-million Terminal City.



PAN AMERICAN'S oval building has wide overhang roof under which Clippers load. Passengers board planes direct from lounge.

(Story starts on page 86)

lantes.

> 1962, it may well be a model terminal system.

> What makes it so different? Airport planners call it decentralization. Essentially, it means putting space between people, airlines, planes and airport facilities, and dividing traffic into manageable flows. Few international and domestic passengers, for instance, will meet. Big airlines, whose volumes of passengers and baggage are measured by the millions, operate from within their own terminals instead of in one central building. High-speed taxi strips circling Terminal City's 650 acres keep taxiing planes away from runways and parked planes.

> Decentralization also means discarding the classic and up to now the most efficient design of airport terminalsthe single, central building serving all the airlines of an airport.

> · Burden on Terminals-Many big city airport managers might welcome a decentralized terminal system today, though few would need one on the scale of Terminal City. Last year, U.S. airlines carried a record 56-million passengers, 7-million more than in 1958. Airlines also accounted for 47% of all the passenger miles of common carriers, leaving railroads 28%, buses 24%. The Air Transport Assn. estimates that the airlines will pass the combined passenger miles of both buses and trains this year.

> All this traffic is good news for the airlines, but it is an increasing burden on airport terminals. Many a big airport terminal is a noisy, confusing place chock full of ticket counters, concessions, and people. During peak traffic hours, there is even a hint of chaos. Airlines, sharing space in a single building, are squeezed together at counters often mobbed by passengers. Planes are delayed because there is room for just

so many loading gates in the immediate area of a single building. Where gates have been added, passengers have to walk to a plane that might be a quarter of a mile or more away.

It wasn't always this way. But in the days when airlines were still struggling for passengers and revenues, it was smarter to sell flying itself, and let ground facilities go. Terminals brought in no revenues—in fact they were costly overhead. The small returns from concessions usually went into the treasuries of communities, which gradually took over airport operations. The result usually was the single terminal building, which centralizes everything-ticket counters, baggage handling, surface transport facilities, and concessions. The centralized building became the classic design.

I. Design for Terminal City

Laid out on a site roughly resembling an oval, Terminal City occupies about 15% of International Airport's 5,000 acres. Four airlines-American, Eastern, United, and Pan Americanalready have built and moved into terminals they alone occupy. Eventually, Delta Air Lines will share United's terminal. Four more airlines also are building or plan to build. Trans World Airlines expects to move into its "birdin-flight" terminal sometime in 1961. Northwest, Northeast, and Braniff plan to put up a building all three will

New York's Port Authority-International Airport's operator, owner of all its buildings, and landlord of the airlines-already has put up three buildings, and plans to add a fourth. In December, 1957, the Authority opened the \$30-million International Arrivals Building and two 600-ft. East and West Wing Buildings. Health, Immigration, and Customs agencies occupy much of the space in the Arrivals Building, which serves incoming international passengers. The wings are departure terminals and administration offices for 21 foreign flag airlines.

A final building, Union Terminal, will be put up by the Port Authority where the long-outmoded but still used Temporary Terminal Building stands. Trans-Canada and National Airlines will be Union's tenants.

· Satellite Structures-The six terminals being built by the airlines, the trio of International buildings, and Union Terminal essentially are Terminal City. Also being built or in the planning stage are multitude satellite structures and facilities. Within Terminal City are a \$7-million central heating and cooling plant, a Port Authority administration and operations building, a 22-acre landscaped park, more that seven miles of airplane taxiways, parking lots, 10 miles of twolane roads, and an 11-story control

Outside Terminal City, but within the 5,000 acres of International Airport, a colony of service structures is nearly finished. Already built are the \$5-million International Hotel, 18 hangars, a five-building air cargo center, several industrial buildings, a bank, an "Animalport," chapels, and federal, medical, and airline office buildings. A fuel farm is being expanded to store

14-million gal.

· Landlord-Terminal City itself is costing \$150-million and was financed by the Port Authority. (Another \$150million is being spent on the airport for runways and instrument flight equipment.) The money was raised through sales of Port Authority bonds (paying 2.8%). About a third was used by the Authority for its own construction. Most of the remaining two thirdsabout \$90-million-is being advanced (at 5.5%) to the airlines putting up



TRANS WORLD AIRLINES' passenger terminal at Terminal City suggests a giant bird in flight. Its four interacting vaults form a huge umbrella over all passenger areas.

exclusive terminals. American Airlines terminal, for example, cost \$14-million, United's \$14.5-million.

Once the terminals are operating, the Port Authority takes title, becoming the airlines' landlord. In this role, the agency provides heat, police, fire protection, snow removal, cleaning, and a variety of other household services. It also collects monthly charges that are calculated to pay off the airlines' construction debt in 20 years.

The airlines also pay rent for the sites they occupy. American Airlines, for example, leases 22 acres at \$3,500 a year per acre.

II. Why Decentralization

The plan to construct a decentralized terminal system at International is only a half-dozen years old. Though the Port Authority knew long before then that its Temporary Terminal Building was obsolete, it wavered between a large single building and the decentralized system.

There were reasons for the wavering. Essentially, the job of airport planners is to create efficient, manageable flows of passengers from plane to car and from car to plane. Centralized terminals, from which passengers fan out from waiting rooms and ticket counters to planes, were proven designs. Decentralization was untried, and obviously more costly, since there would be a number of buildings to construct. Be-sides, centralized terminals "steer" pas-sengers to concentrated groups of concessions, the only source of terminal revenue. Decentralizing would mean, it was thought, that there would have to be several restaurants instead of just one or two, but no relative increase in trade.

Three things happened in 1954 that

made the Port Authority change its mind:

Airlines were posting remarkable traffic gains, and every estimate projected even more to come. In New York, the number of passengers using the region's three commercial airports had been growing at a rate of 1-million a year–from 6.5-million in 1952 to 8.6-million in 1954. At the time, International's share was only 2.4-million, but two years of sharp traffic rises had shown that earlier forecasts were way off the mark, and they were revised upward.

A 1953 forecast, for example, of 5.4-million passengers by 1965 was changed to that number by 1960. (Actually, this estimate was far off the mark, too. Last year, 7-million passengers got on and off planes at International. The current 1965 estimate: 12-million.)

Complicating the problem of how to cope with such sharply rising numbers were International's two kinds of passengers—domestic and international. Each requires different services—for example, a Customs check for arriving international travelers. Mingling the two was something the Port Authority—and the airlines—wanted to avoid.

The airlines began ordering jet aircraft that were much bigger than any piston-engine plane, thus required larger parking space alongside the loading corridors that are fixtures at most centralized terminals. Automatically, this would mean longer walks for passengers from a central building to a plane. This possibility, though, clashed with the 1,250-ft. limit the Port Authority puts on the distance between waiting room and plane.

At least three major carriers spoke out to the Port Authority for terminals of their own. The airlines realized that traffic loads were soaring beyond all estimates, that the new jets would need a great deal more space. They figured that a centralized terminal would have to be two miles long to accommodate all the planes and passengers of the 1960s.

• Competitive Weapons—There was much more to their demands for separate terminals, however. Airlines were beginning to discard the old notion that terminals were high-cost overhead they had to live with. Instead, in their new affluence, they began thinking of terminals as another competitive service weapon. In a business that cannot compete on price since each must charge the same fares, the airlines have always competed with services.

However, the differences in services—whether it was the airplane itself, food, baggage handling—was becoming hardly discernible. The variety of airplanes was diminishing, and today the big jet transports are remarkably similar in speed and comfort. Service on board was so similar, too, that transatlantic carriers got involved in arguments when one increased the size of a sandwich they served or extended the pitch of a reclining seat.

So many new and smaller carriers were gaining routes once flown by one or two carriers that their numbers carried the threat of submerging the identities of the large, older ones. On the ground, for example, the big carriers disliked being assigned space at ticket counters that presented lesser carriers, such as local service lines, as equals.

• Better Facilities—With exclusive terminals in the key port of New York, the big U.S. trunks will make a competitive bid that will be hard to block. One of the most frequent complaints of air travelers is the delay, confusion, and shabbiness of many airports and their terminals.

Besides eliminating much of this with such devices as 100-yd, ticket counters of their own or automatic baggage handling systems, the airlines have added touches of their own. At most of the six exclusive terminals they are building, passengers can get on and off planes without any exposure to the weather. The terminals also eliminate the long corridor walks to loading gates. Restaurants have a relaxed, sometimes posh atmosphere.

III. Overhead Interference

The construction of so vast a terminal system as International Airport's has one touch of irony. For years the Temporary Terminal Building was an obvious bottleneck. Now that International is fast approaching the day when it will be able to cope with the expected crowds of passengers, it will be limited for at least several years by

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Acct. Exec.: Now we can buy any combination of over 4,000 Yellow Pages directories all over the country to match our markets — with just one contract.

Adv. Mgr.: But we have individual problems in our various markets!

Acct. Exec.: That's another Yellow Pages plus. We can vary our space sizes, and vary our message to meet the competitive needs of our various markets.

Adv.Mgr.: What was that about reaching our best prospects?

Acct. Exec.: The Yellow Pages does just that. People turn to it when they're ready

to buy. That's what the Yellow Pages rep called them — our "Ready-to-Buys!"

Adv.Mgr.: And we can really sell them in the Yellow Pages?

Acct. Exec.: Right! New NYPS lets us put selling ads in local Yellow Pages directories ... ads that tie in and work hard with our national campaign.

Adv. Mgr.: Sounds good. Why not draw up a proposal on NYPS for us?

Acct. Exec.: I just "happen" to have it right here with me!



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the New York region's crowded air

Though Terminal City will have 140 loading gates that theoretically will enable it to handle 280 movements an hour (one plane can account for two movements by landing and taking off) it will be years, if ever, before full gate capacity can be used day in and day

New York's air traffic is so dense that precise controls over it are needed. They become a dire necessity when weather and visibility are bad. Thus, one of the basic controls is the air space acceptance rate-the maximum number of movements that can be handled under instrument flight conditions. Today, this rate is 150 movements an

International is becoming wellequipped for instrument control and is now rated at 70 movements, though under ideal conditions many more planes than this can land and take off. Eventually, when more sophisticated equipment provides even more precise controls, International's rate will become 100. But even 100 movements an hour are far below the 280 Terminal City's gates will be capable of handling.

· More Handicaps-Another problem is that more of New York's five major airports are more than 35 air miles apart. Three of them-Newark, La Guardia, and International-are chiefly airline bases. Another, New Jersey's Teterboro-used by many private aircraft-had 225,000 landings and takeoffs last year. The fifth is Brooklyn's Floyd Bennett Field, an active military

Besides the obvious problem of density, planes go and come in every direction, and land or take off from any one of the five airports. Some early solutions have been common "stacking" or common approach paths. Brooklyn's Floyd Bennett, for example, is so close to International that ground controllers assign incoming planes to the same stack. The approach paths of Teterboro and Newark conflict, so planes heading into Teterboro on instruments use the same instrument path as planes heading for Newark.

To diminish the collision threat of criss-crossing, planes taking off or landing at Newark, International, and La Guardia are required to follow parallel headings in the air for miles. In effect, the rule creates separate and parallel air corridors for each airport.

· Delay Factors-Such controls as an acceptance rate, common stacking, and parallel air corridors avoid midair collision, but they also contribute to delay. Though airport planners, pilots, and airline executives disagree sharply over ways of speeding up the number of plane movements at airports, they all agree it should be done.

One generally accepted solution is more ground control. Eventually, this might even mean landings controlled completely by instruments.

But this is dream stuff. Most developments-including instrument control equipment and airport facilities such as runways and taxi strips-are aimed at giving the pilot and controller more information. Thus, pilots coming into International know that its high-speed exit runways are designed to get a plane off a main runway at 60 mph. Runway lights installed flush with the ground tell an incoming pilot his position in relation to the runway and outline the runway precisely. A string of lights also shows him the exact center of the

Electronic equipment being installed at International measures the ceiling and visibility at the approach end of a runway and automatically transmits the information to the control tower. Parallel runways permit landings and takeoffs at the same time. One of the run-ways is equipped for instrument landings at either end.

• Hot Issue-None of this, say critics of International, is enough. The Air Line Pilots Assn. (ALPA), for example, says that International's 70-movement acceptance rate is no better than Chicago's far busier Midway Airport. The Port Authority agrees, but it is at this

point that disputes begin.

One proposal-rejected by the Port Authority-is to build more runways at International. The Authority says this would clog up the airspace over the airport even more, and that International is blocked physically by the buildup of communities surrounding it. At the same time, it's almost certain these communities would try to stop construction of more runways, since they would increase jet operations, thus create objectionable noise.

The hottest dispute is over the Port Authority's own solution to the air congestion problem. It would build another airport 30 miles west of New York City in New Jersey's Morris County. When the proposal was made last December, it ran head on into opposition from New Jersey's population, its legislature, and Gov. Robert Mevner.

The Port Authority argues that the new airport would be equipped with the most sophisticated equipment and facilities so far. Thus it could add at least 70 movements to the acceptance rate, many more when flying weather is good. Situated on the western perimeter of New York's ring of airports, the airport would be the termination point for flights from the west. This would eliminate cross-overs, at the same time make room for the rising number of planes trying to find landing room in what are now close quarters. END

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In Research

GE Scientists to Study Arctic Life In Preparation for Nuclear Bomb Test

For the second consecutive summer, scientists from General Electric's research facilities at Hanford, Wash., will head toward Alaska for a summer of field research within the Arctic Circle. This year their job will be to compile as complete information as possible on plant, animal, fish, and bird life, and its relationship to man's livelihood. They will make their studies in the Alaskan area surrounding the mouth of the Ogotoruk Creek, which flows into the Chukchi Sea.

The information gathered will be used by the Atomic Energy Commission, which is proposing to blast out a ship harbor in this area, using nuclear bombs as deto-

nating devices.

The experimental project, which is tentatively scheduled for the summer of 1962, would need to use only five underwater explosions to clear a harbor 750 ft. by 2,000 ft. This would provide a 1,500-ft. turning basin.

After the bombs have been exploded, however, it will be necessary to determine when radiation is at a level safe enough to permit ships to enter the harbor.

That's where the GE study comes in. Hanford scientists will try to establish what radioisotopes are present naturally in the area. Before the research program began in 1959, virtually nothing was known about the biological structure of the Arctic coast.

Atom bomb specialists figure that not more than 10% of any radiation caused by the harbor detonations will escape into the air because the bombs will be buried carefully before they are exploded. But the AEC isn't taking any chances. The GE surveys will be the most comprehensive to be made on site before a nuclear test.

Substances in Liquid Mixture Quickly Separated by New Method

Dr. Alexander Kolin, a biophysicist at the University of California in Los Angeles, has developed what looks like a quick and easy method of separating substances in a liquid mixture. By providing a handy means of analyzing traces of dissolved or suspended materials in body fluids, such as blood, the new system holds out promise of advancing the study and diagnosis of human diseases.

So far only a pilot apparatus for continuous separations has been built and is in operation. But the American Cancer Society, which announced the development, and the Office of Naval Research, which provided the main support, are optimistic about the possibility of building

large-scale commercial models soon.

Kolin's separation system depends upon a radical modification of the process known as electrophoresis. Electrophoresis, conventionally, is a process whereby a substance is placed in an electrical field, and its charged components are clocked as they move toward a positive or a

negative pole. Since all components move at a characteristic speed, they can be identified in this way. Kolin, however, adds to electrophoresis the presence of a magnetic field. This is what makes his separation, in a liquid column, possible.

In the pilot unit, separations have been made in less than a second's time in some cases. Dyes, for example, are dispersed into a series of sharp, thin streaks—each streak representing a highly purified component of the

original mixture.

In the case of body fluids, not only foreign particles, but cells and cell fragments have been separated and identified. Kolin and the American Cancer Society expect that abnormal cells, abnormal blood proteins or cell nucleic acids also can be separated out and identified. This would be a significant development toward early diagnosis of many diseases, including cancer.

Big Solar Telescope to Be Built On Kitt Peak in Arizona

Construction of the world's largest solar telescope is scheduled to start at the Kitt Peak National Observatory, southwest of Tucson, Ariz., before the end of the summer. When completed in 1962, according to Dr. Alan T. Waterman, director of the National Science Foundation, the telescope will give solar researchers their best look at the sun. Using it, they should be able to uncover important new information about sunspots and solar flares—phenomena that materially affect radio and other forms of communication on earth.

Solar images as large as 34 in. in diameter will be formed by the Kitt Peak telescope. The instrument will have a focal length of 300 ft., and will be made up of three large reflecting surfaces combined in a system requiring a supporting structure about the size of a 10-story office building. The National Science Foundation, which has supported plans for the giant telescope since their inception, has granted \$4-million to the project already.

Kitt Peak is located on the Papago Indian reservation,

and has an elevation of 6,875 ft.

Research Briefs

The Atomic Energy Commission has invited proposals to provide a packaged nuclear power plant for McMurdo Sound in Antarctica. Specifications call for a 1,500-kw. reactor of the pressurized or boiling water type, to be ready for shipment by November, 1961.

The Army will soon have available a portable radar system, able to look 25-miles behind enemy lines and provide plots of battle information. Based on designs originated by the University of Michigan's Willow Run Laboratories, the system weighs 600 lb., costs \$9-million to develop.

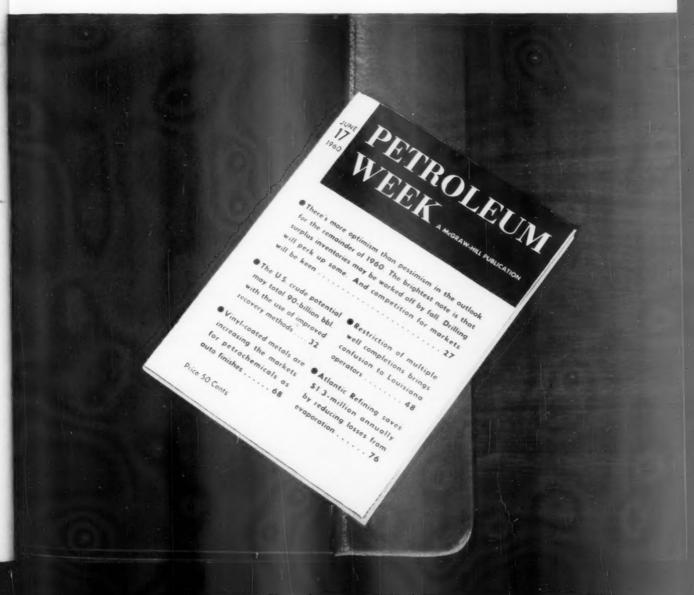
A camera so small that it can be swallowed, yet containing its own light source, has been developed in Japan for photographing stomach ulcers, cancers, etc.



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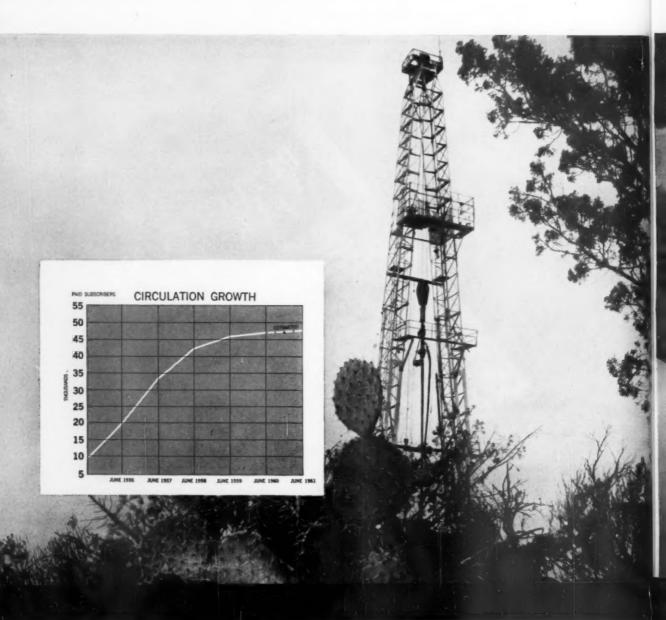
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1960



OIL'S LARGEST PAID CIRCULATION

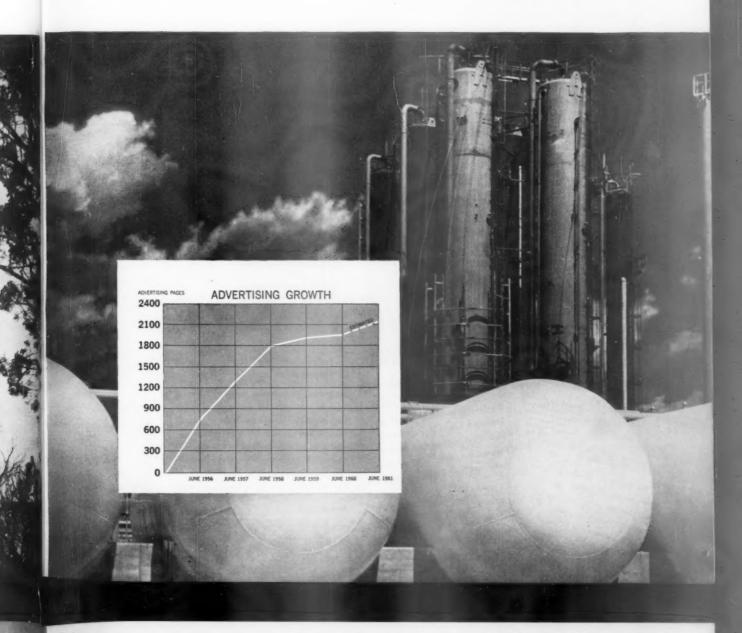
In just five years, PETROLEUM WEEK's circulation has grown to more than 47,000, the highest in the industry. PETROLEUM WEEK now has readership in depth among the men who make decisions on buying, selling, drilling, building, producing and processing in the petroleum industry. This business is big business, and it takes a magazine with industry-wide editorial coverage to provide advertisers with the circulation they require. Designed and edited for busy decision-makers in all segments of the industry, PETROLEUM WEEK reaches more of these operating managers than any other publication.





MORE ADVERTISERS EACH YEAR

Advertisers have recognized that the readable, newsmagazine format of PETROLEUM WEEK provides the kind of setting in which their messages are best seen and read. As a result, PETROLEUM WEEK has added advertising pages every year for the past five years. Even the recession period of 1957-1958 was a time of growth for PETROLEUM WEEK. The list of new advertisers in PETROLEUM WEEK has continued to grow as well. Those who sell goods and services to the oil industry recognize PETROLEUM WEEK as the magazine with a difference. That difference is its broad acceptance by decision-making oilmen as an easy-to-read accurate source for news, developments and trends.





INDUSTRY-WIDE EDITORIAL COVERAGE

An average of more than \$5,000,000,000 has been spent each year since 1955 for expansion and modernization in the petroleum industry. The men who decide when and where to spend these huge appropriations are aware that economic or technological developments in any one part of the industry could have immediate and farreaching effects on all the rest. PETROLEUM WEEK's fast, accurate, complete news coverage keeps these men informed on what's happening throughout the industry—at home and abroad.



In Business Abroad

Mead Corp., Eli Lilly, Raytheon Establish Subsidiaries Abroad

Still ripening, foreign markets are drawing in more

U.S. investment. Recent developments:

 For the first time in its 114-year history, Mead Corp.—major paper and paperboard company—has established a foreign subsidiary, Mead S. A., in Zurich. The Zurich company will sell Mead products, arrange licensing agreements, and "explore possibilities" for manufacturing overseas.

• Pittsburgh's H. K. Porter Co., Inc., has bought out a french producer of steel and railway cars, Acieries & Ateliers de Construction de Marpent, whose annual sales are said to run about \$10-million. Porter produces steel, refractories, special alloys, and a range of other products.

 Eli Lilly, the pharmaceutical company, has set up a West German subsidiary in Frankfurt to engage in packaging and later in manufacturing. A company officer said 25 foreign pharmaceutical manufacturers "are considering entering" the German market this year.

 With a \$\frac{3}{2}\$-million investment, Raytheon has taken 40% interest in a new Italian company, Selenia, which will produce military and commercial electronic equipment. This is Raytheon's second industrial venture in

Italy.

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Another development was Admiral's 10th overseas licensing agreement, with Collier & Beals, Ltd., of New Zealand. The Wellington company will manufacture and sell Admiral television receivers in the Dominion market.

Hoover's Attempt to Lay Off Workers In Britain Raises Storm of Protest

In Britain, "to Hoover your rugs" is standard housewife jargon for sweeping up with a vacuum cleaner.

For the past few weeks, Hoover, Ltd.—the very successful offshoot of its U.S. namesake—was busy "Hoovering" the dust it had stirred by announcing plans to lay off 840 workers, about 10% of its work force.

Hoover's initial decision came as a shock to the stock market, the public, and especially the trade unions. In April, when the government put mild restrictions on installment buying, everyone seemed to favor a brake on Britain's consumer spending boom. What no one quite realized—until Hoover's announcement—was that the boom may not have been as buoyant as statistics indicated.

Bigger in sales than its U.S. parent, which holds more than 67% control, Hoover dominates the British market for vacuum cleaners and washing machines. It felt the slight credit squeeze quickly, it says. Besides, imported appliances have made a substantial dent in the home market.

In the past few weeks, Hoover has backed away from its decision on layoffs—under pressure from 2,500 workers who went on strike to protest. Instead, the company has put some workers on short-time hours. It also has watched happily while more than 40 workers have taken jobs with other appliance makers, in response to better offers.

But, after the added squeeze from the bank rate hike from 5% to 6%, **Hoover sees no way out except layoffs**. When the tempest calms down and after the August holidays, some 720 workers probably will get dismissal notices

Marginal Price Selling by Americans In Foreign Markets Scored by Briton

American selling practices in overseas markets have come in for some heavy criticism by the chairman of Britain's giant Imperial Chemical Industries, S. P. Chambers.

The gist of his complaint: U.S. companies, particularly in highly capitalized industries such as chemicals, are selling abroad at marginal prices in order to keep plants at full capacity. Chambers avoided the term "dumping" but made it clear that he had this in mind.

Limiting his comments to the third markets, he said American marginal selling in, say, South Africa, can have serious effects on British companies, which—because exports represent such a high percentage of production must sell abroad at or near full price.

Commenting on Chambers' charges, spokesmen for U.S. chemical companies conceded that some spot sales may have been made abroad by some operators at low prices but that price cutting was not the policy of any major U.S. company seriously interested in foreign markets.

World Bank Grants Loans to Peru, Honduras for Power Facilities

Peru and Honduras have been loaned a total of \$32.8million by the World Bank for electric power development.

Peru's loan—\$24-million—will finance new power facilities that will increase by 70% the power now available in Lima.

A loan of \$8.8-million to Honduras will help finance a 27,000-kw. project, which will give the Central American republic its first centralized power system.

Trade Show of Scientific Instruments Pays Off for British in Moscow

An exhibit in Moscow by members of Britain's Scientific Instrument Mfg. Assn. has paid off with on-spot sales of \$600,000 and indications of more to come.

Participating in the 12-day exhibit, which closed last week, were 41 member companies, most of them old hands at trading with the Soviets. One of the biggest sales was made by Elliott Bros. Ltd.: a \$103,000 digital computer.



India's Double Lure For the U.S.

For Washington, it's a potential bulwark against Communism in Asia. For the American businessman, it's an immense future market. But both will need to pour in capital.

India and its usually hungry, always packed-in 410-million people (picture, left) are rousing a more intense interest in both the government and the businessmen of the U.S.

To the U.S. government, India is a major factor, perhaps the decisive one. in the struggle between the West and the Communist bloc for control of Asia. Its importance, vast in its own right, also weighs heavily with other

uncommitted nations.

For the businessman, India is an immense potential for investment, a potential that he is now cautiously examining. India is still one of the poorest of nations, but it is forcing itself through a metamorphosis that in the next decade may bring the beginnings of real eco-

nomic strength.

Next year, India starts the third of its five-year plans-by far the most ambitious. The first two, begun in 1951 and 1956, sought to draw the ground plans for industrialization and to make a modest start on building it. The third plan, officially announced this week, calls for investment of \$23-billion and is aimed at real diversified industrialization, plus a step-up in agricultural production. All in all, it seeks to jack up national income by an annual 5%-6%. create 10-billion jobs, and end the chronic food shortage.

If the third plan is successful, India will probably have made the jump from an underdeveloped economy dependent on foreign help toward a self-generating economy that can produce its own machines, consumer goods, and jobs. If the plan fails, India might turn to the path followed by Communist China, raising its economic strength by "forced draft" development at the expense of

human life and rights.

I. The Political Side

Politically, U.S. interest in India is at its peak, though it remains essentially defensive. If India's huge population were lost to Communist domination, it would be an enormous psychological defeat for the West; anti-Communists throughout the uncommitted world would be weakened.

Officially, India stands neutral between West and East. But New Delhi has been leaning markedly toward the

West ever since the Chinese Com-

RAGGED, HUNGRY throngs of India seek aid to reach a brighter future.

munists began their encroachments on the northern borders. The West, of course, is trying to encourage this lean-

The U.S. part of this pushing has taken various forms, with far and away the biggest effort going into economic aid. Washington reasons that a fledgling democratic government, such as India's, has a natural affinity for the Western democracies in the power struggle. But democratic government depends for survival largely on economic stability and growth. For India, pitifully short of capital, economic progress can come only with outside help.

· Grain Program-In the fiscal year just ended, U.S. economic aid to India topped \$200-million-up from the average \$100-million-\$150-million of earlier years. Last week, the Development Loan Fund announced seven new loans for power plants and roads. For the new fiscal year, DLF is talking in terms of \$350-million-half its entire budget. Quite apart from all this is the \$1.3billion, four-year program of grain shipments promised by Washington (BW-May7'60,p132) and the planned \$280million U.S. participation in the India-Pakistan irrigation and power project for the Indus River.

Other Western nations-especially Britain and West Germany-have been chipping in on a smaller scale.

Meanwhile, the opposition has not been idle. Soviet Russia has contributed about \$350-million and has promised twice as much again for the third fivevear plan.

The flow of governmental capital from the West will probably increase. India hopes for \$6.6-billion in foreign assistance to meet the needs of the third plan, with about half of it coming from the U.S. Part of this has already been allotted under the grain agreement.

II. A Role for Business

The third five-year plan, as it now stands, calls for investment of \$14.7billion by the Indian government and \$8.4-billion by private capital, domestic and foreign. This is where the U.S. businessman comes in.

For some time, a modest amount of U.S. investment capital has been moving into India. At the end of last year, it had reached an estimated \$125-million-plus, half of it in petroleum exploration, refining, and distribution. Over-all, private foreign investment in India is about \$1.2-billion, predominantly British.

This year, U.S. investment may increase enough to push the total to \$200million, with an ever-growing number of businessmen exploring the possibili-

· Variety of Plants-In the next year or so, U.S. companies will probably set up plants for making chemicals and fertilizers, paper and pulp, automobiles and parts, electrical equipment, cement, and machine tools, and for fabricating metals and wood. Some of these will be large and well known companies, but others-especially in light industry-will be small to medium sized.

Nearly all of these investments will be joint ventures and most will have 49% or less U.S. capital participation. Accepting this legal limit is hard for some U.S. companies; they get around it by writing clauses into the partnership agreements giving them what they consider satisfactory managerial control.

One U.S. industrialist, Edgar Kaiser, president of Kaiser Industries, considers joint ventures, even on a minority basis, "the best insurance you can get against nationalization of your investment in a

foreign operation."

Because plans of so many U.S. companies are very much in the exploratory stage, with negotiations going on with prospective Indian partners and the Indian government, American business-men are skittish about revealing the status of their projects. BUSINESS WEEK reporters, checking reports of pending arrangements between U.S. and Indian companies, had a number of doors slammed in their faces with a "no comment." But enough examples leaked through to give an idea of what's

Koppers Co. is negotiating with Indian industrialist G. D. Birla to set up a \$50-million fertilizer plant with an annual capacity of 70,000 to 80,000 tons. A number of other chemical companies have sent survey teams to India, enough to make one executive complain, "Our people kept stumbling over the survey missions of other chemical companies. It was almost embarras-

Standard-Vacuum Oil Co., which has been in India for 60 years, has applied to the Indian government for a license to set up a petrochemical plant. The exact size of the plant is still being worked out but will be between 20,000 and 40,000 tons annual capacity, costing \$30-million to \$60-million.

Rockwell Mfg. Co. is strongly considering building a power tool plant in India, as is Hobart Bros. Co., of Troy, Ohio. Hobart is talking with the Indian company, Power Tools, about setting A timely report on the

TAX-EXEMPT BOND MARKET

at mid-year 1960

Take-home income from an investment in bonds that are exempt from federal income taxes is greater today than it has been in many a year. Yields which are still relatively high, together with the traditional safety of securities issued by states, municipalities, public authorities, commissions and similar bodies, make them especially attractive now. Individuals not only in the upper but in the middle federal income tax brackets, as well as institutional and corporate investors, can benefit from their purchase.

Our Mid-Year Survey of the Tax-Exempt Bond Market provides important background information, discusses supply and demand, volume and yields, and interprets the trend and outlook for the tax-exempt market.

Send without cost or obligation for this helpful survey now. You will also receive our tax chart to help you determine quickly the value of federal tax exemption in your income bracket. See at a glance what taxable

income is necessary to equal the tax-exempt income now obtainable.

Ask for folder BJ-70



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INDIAN WORKERS learn the skill of running a steel mill built by West Germans. A pool of trained men is gradually being built up, but the need remains great.

up a plant to manufacture arc welding equipment and construction machinery.

Norman Hoffman Bearing Co., of Stamford, Conn., is negotiating with Kamalashanker P. Joshi & Co. to build a \$2.3-million ball and roller plant.

• Market Potential—These companies, and others like them, are establishing operations in India for several reasons. The most often mentioned is the market of 410-million in an industrializing economy. Individual purchasing power won't be much for a long time but collectively, it is bound to expand with the anticipated influx of government capital. Few U.S. companies are going in to make consumer goods. Most of them will manufacture industrial and capital equipment—"machines to make machines."

To some extent, foreign companies are forced to invest if they want to get into the Indian market at all. India has greatly restricted imports to conserve its meager reserves of foreign exchange. On the other side of the coin, India is encouraging investments that produce goods for export to earn foreign exchange.

Other enticements to capital are a cheap and plentiful labor supply and the proximity of raw material sources. India is beginning to build up a reserve of trained labor but many U.S. companies have to undertake the training themselves when they first move in.

U.S. companies are starting to invest in India for another reason—the Indian government is going to considerable lengths to encourage it. This is a sharp shift from earlier policy. Since independence, Indian leaders, especially Prime Minister Nehru, have talked about building an economy with a "socialist pattern." This left little room for private enterprise, particularly foreign private ventures.

• Shift in Thinking—After the second five-year plan faltered badly two years ago, Indians began to swing their think-

ing around. The Communist Chinese border troubles, which make economic progress all the more imperative, speeded the process. Many Indian leaders now describe their approach to cconomic development as "pragmatic."

Among the specific incentives offered potential U.S. investors are guarantees against expropriation; tax concessions that compare favorably with those offered anywhere else in the world, according to U.S. tax experts; and relatively easy repatriation of profits.

Washington is also encouraging U.S. private investment, to go hand-in-hand with economic aid. For example, the Senate has before it for ratification a treaty that would grant the U.S. investor in India a "tax-sparing" forgiveness of U.S. taxes on profits in India.

III. Handicaps and Worries

Although India appears to have its economic development started, it has a long way to go before its growth and stability are assured. A rapidly expanding population is a drag on the advance of per capita income, consuming each year a good part of any increase. Similarly, the military threat from Communist China has forced India to put more of its limited capital into defense.

Politically, India maintains an uneasy stability. There are constant shifts in the political structure as the nation undergoes a long settling-down process following its independence, which came after World War II. This week, Prime Minister Nehru's government was confronted with a crisis as 2-million government employees threatened to strike over wages. Earlier, the government cracked down on the Sikhs, a minority group that wants its own state within the Indian Union.

The big question will arise when Nehru, who wields virtually unlimited powers, passes from the political scene. Informed American and Indian observ-

NOW...HONEYWELL EDP SYSTEMS AIR-CUSHION MAGNETIC TAPE TO PROTECT VALUABLE RECORDS

Honeywell electronic data processing scientists have developed the world's most reliable tape drive mechanism. It virtually eliminates the common causes of tape damage which can shut down the equipment for costly minutes or hours. This new technique is so reliable that Honeywell is the only computer manufacturer that guarantees its Systems will not break or damage your tapes during processing. If they do, tapes will be replaced without charge.

NO PINCH ROLLERS - ANY-WHERE. Only Honeywell 800 and 400 high-speed Systems transport magnetic tape by air throughout the processing cycle. Vacuum capstans take the place of old-fashioned pinch rollers, dramatically reducing wear and tear, flaking and scratching. The recording surface is touched only by the recording head and only when information is read or recorded. Since write error can be traced to tape surface damage, it is clear why Honeywell tape drives are intriguing managements in all parts of the business world.

ADD ORTHOTRONIC CONTROL - AND MAKE SURE. Added to this advanced technique of vacuum transport is Honeywell's exclusive Orthotronic Control, which insures uninterrupted accuracy during processing. Using Orthotronic Control, Honeywell Systems can re-create lost or damaged data instantaneously without human aid, without reprocessing. Errors can be detected and corrected automatically in 1/20th of a second. Where other systems would stop and blink signals for human help, Honeywell 800 and Honeywell 400 will simply do what needs to be done and keep humming right along at top speed.

ELIMINATE UNPRODUCTIVE MACHINE TIME. This self-correcting ability plus the protection inherent

in airborne tape combine to boost your profit potential on any data processing application. These Honeywell scientific advances help eliminate machine downtime, which methods men know can often cancel the economic gains of electronic data processing.

INVESTIGATE HONEYWELL 800 AND 400 SYSTEMS. Greater reliability in data recording is but one of the several major factors that multiply the cost advantages to users of Honeywell EDP Systems. If your company is now considering the move to electronics, we respectfully suggest you put Honeywell Systems at the top of your list for investigation. Our applications engineers will be glad to discuss your individual requirements.

For more information, get in touch with your nearest Honeywell office. Or write Minneapolis-Honeywell, Datamatic Division, Wellesley Hills 81, Massachusetts; or Honeywell Controls Ltd., Toronto 17, Ontario.

WHY HONEYWELL RECORDING TECHNIQUES ARE FASTER, MORE RELIABLE

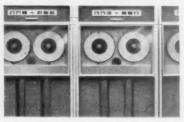


Vacuum capstans propel tape gently and pre-cisely throughout processing cycle, removing danger of damage by pinch rollers.



Recording head alone touches recording surface of magnetic tape, reads information with tape moving forward or backwards.





Tape changes can be made in less than 25 seconds. Changes on other data processing systems often require several minutes.

Information is read or recorded with tape moving 120 inches per second, a transfer rate of 96,000 decimal digits per second.

Honeywell





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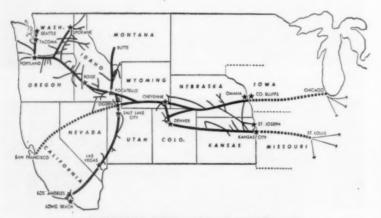


complement each other. One to produce . . . the other to keep products on the move.

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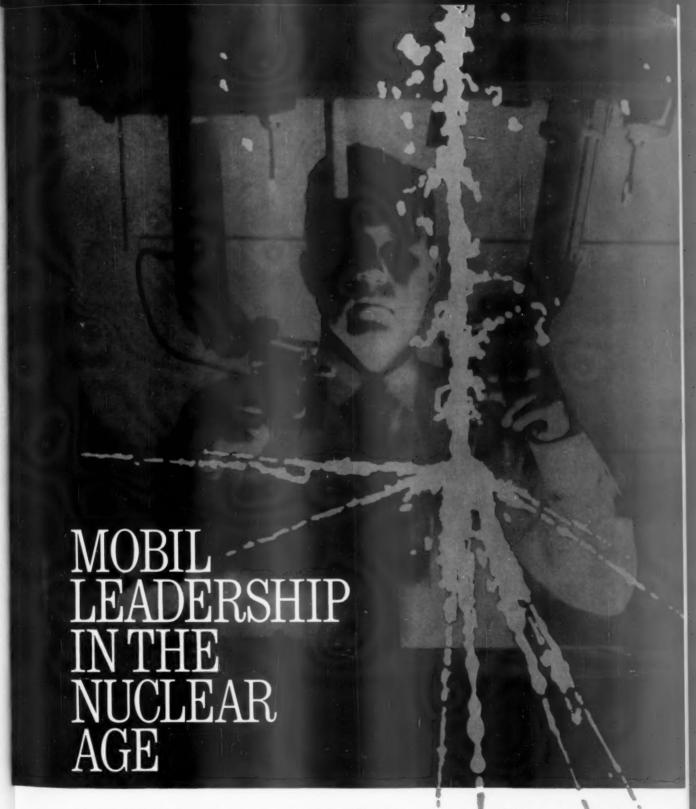
EDGAR KAISER is a prime mover in the rise of U. S. business interests in India.

ers believe that parliamentary government and processes have taken hold enough to prevent a violent power struggle. But there will probably be a drastic political shakeup and perhaps a reorientation of the economy.

• Bureaucracy—To the U.S. businessman, perhaps the most unnerving facet of operating in India is the government bureaucracy and its socialist doctrine, despite the shift to "pragmatism." Some U.S. businessmen say pragmatism is but another word for "expediency" and fear that the appeal to foreign private capital is only temporary.

The oil industry especially is disturbed over what it considers the encroachment of the Indian government into its operations. It argues that it has put considerable capital into India, that it thinks India has solid potential for its investments. But the government is now getting into exploration, refining, and distribution, and the oil companies are wondering what sort of arrangement will be worked out concerning prices, free access to the market, and development of new facilities. They are particularly unhappy about the Indian government's request that they refine imported Russian crude.

Nevertheless, at least one oil company is going ahead with plans to expand. A spokesman for Standard-Vacuum says, "India is a country with a deep respect for law and is determined to raise the living standards of its people. That means both growth and dependability. Right now, private enterprise has to prove itself there. If businessmen complain about socialism and do nothing, they will lose opportunities and they will get socialism. But there's a job to be done in India and a chance to prove just how forward-looking private enterprise can be." END



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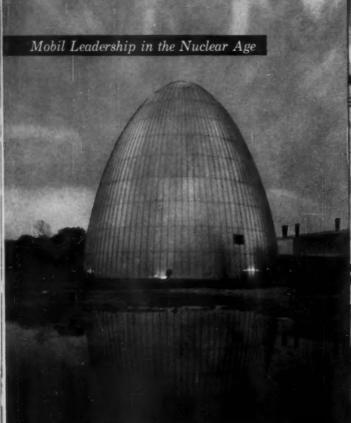
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1960

On the following pages, a report on Mobil's many activities in the field of Nuclear Radiation Research and what is being accomplished. How Mobil is meeting the challenge and problems posed by Nuclear Age Lubrication ... from America's leading protector of Nuclear-Powered Turbines.

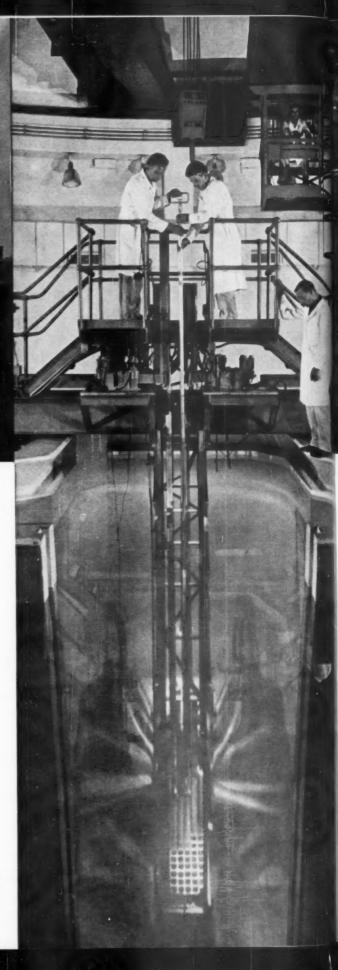


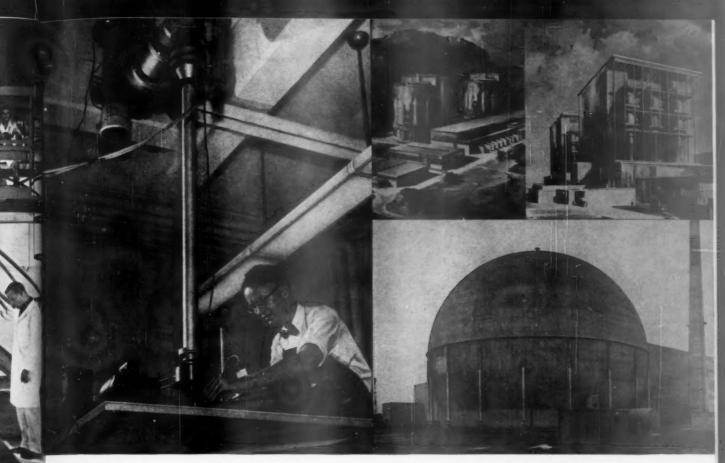
This unique dome-shaped structure houses the Industrial Reactor Laboratories Inc., where Mobil participates with companies from other areas of industry in nuclear research activities.

Mobil Nuclear Research

As a world leader in petroleum technology, Mobil is meeting the challenge of the Nuclear Age with facilities, programs and products. No one yet has all the answers. But Mobil Nuclear Research is opening many doors to future progress. For example, Mobil is part owner of one of the world's most advanced private nuclear research facilities, Industrial Reactor Laboratories in Plainsboro, N. J. Here a 5-million watt nuclear reactor is used to explore new refining techniques, the manufacture of petroleum chemicals, and effects of radiation on petroleum products. Mobil's own nuclear laboratory near Princeton, N. J. includes a 2-million electron volt particle accelerator and other advanced equipment to probe the atomic frontier. This research is yielding new knowledge, products and processes . . . and improved lubrication for Nuclear-Powered equipment.

> View of 5-million watt swimming-pool-type reactor used by Mobil at IRL. Primary purpose is to provide source of neutron and gamma rays for experimentations. Mobil scientists use this radiation source to develop new petroleum products and chemicals.





2-million electron volt Van de Graaff accelerator at Mobil's Stony Brook Nuclear Laboratory is used to irradiate test specimens . . . help Mobil study effects of radiation on petroleum materials and find improved relining techniques.

Mobil Nuclear Lubrication

Through research, Mobil has determined the radiation limits of its present power plant lubricants, and is developing high threshold products for use where radiation exceeds these limits. These evaluations show Mobil DTE oils meet every requirement of today's Nuclear-Powered turbines. And certain Mobil extreme-pressure greases can withstand 200-million rads. In addition to these present-day lubricants Mobil has developed experimental products that resist doses of up to a billion rads, including a control-rod actuator grease approved by the United Kingdom Atomic Energy Authority. Mobil is also evaluating a method of determining condition of oil in use by adding a radiation-sensitive tracer that accurately shows when radiation limits are reached. These are some of the ways Mobil is preparing today for tomorrow's nuclear power needs.

Top-left: 360,000-kw Station being built at Hunterston, England. Right: 561,000-kw Atomic Power Station under construction at Hinkley Pt., England. Below: Dresden Nuclear Power Station in Illinois, now America's largest. All rely on Mobil.

Mobil Protected Nuclear Power Plants

For years Mobil has been a world leader in the lubrication of conventionally powered turbines. Now in the Nuclear Age Mobil leadership continues. By early 1961 more than 60% of America's nuclear power output will be generated with the help of Mobil lubricants. America's largest atomic plant—the 180,000-kw Dresden Nuclear Power Station—protects its turbine with Mobil DTE oil. And even larger plants abroad will be Mobil protected. The 360,000-kw Hunterston plant and the 561,000-kw Hinkley Pt. plant under construction in England will both rely on Mobil. Mobil research and know-how are behind Mobil's continuing leadership in the Nuclear Age.

Hinkley Pt. Power Station—Built by English Electric Co., Ltd., Babcock and Wilcox Ltd., Taylor Woodrow Atomic Power Group for Central Electric Generating Board, Hunterston Nuclear Power Station: Builders—General Electric Company Limited of England for the South of Scotland Electricity Board. Dreaden Nuclear Power Station—Built by General Electric Company for Commonwealth Edison Company and the Nuclear Power Group.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK JULY 9, 1960



The Macmillan government is wrestling today with one of the toughest foreign policy decisions Britain has had to make in a century. It will affect Britain's historic role as a world power.

The issue is whether Britain should join forces with the tightly knit six-nation European Economic Community (EEC), thus tying British fortunes to Continental Europe. The alternative for the British is to go it alone—drawing whatever support they can from the Commonwealth, from the newly launched European Free Trade Assn. (EFTA), and from special ties with the U.S.

London had hoped to avoid such a choice. The British government tried during 1957-58 to get the EEC group to agree to a Europe-wide free trade area in which Britain would have trading advantages but no political commitments. Even after France vetoed this British scheme late in 1958, London still hoped that, by forming EFTA, it could force EEC to come around.

Now the Macmillan government realizes that EEC is a going concern, that its six members have a powerful drive toward economic and political unity. So top British officials are worrying today about two things. The first is that Britain may be isolated from the main stream of economic development on the Continent, where the "Six" are expanding at a great rate. The second British worry is that before long the "Six" will become the world's third power, surpassed only by the U.S. and the U.S.S.R. The question London officials ask themselves is how Britain would fare as the fourth power in the world.

Add it up, and you can see the British are involved in an "agonizing reappraisal"—out of which a basic policy decision soon will have to emerge.

When the government makes its decision, the chances are against a go-it-alone policy. But they are equally against a sudden bid for full membership in EEC. Britain itself isn't ready for such a plunge.

What's likely is a British offer to tie itself a lot more closely to the "Six" than London has ever considered before—so closely that, in the end, Britain inevitably would become a full member.

Such an offer probably would consist of two basic proposals:

- EEC and EFTA should agree to merge gradually into a large customs union, with no industrial tariffs between its members and a common tariff toward outsiders.
- Britain should become an associate member of the three European communities (EEC, Euratom, and the European Coal & Steel Community) once the executive bodies of the three has been fused into one. This is scheduled to happen by the end of 1961.

The British, of course, will have to make serious soundings among the "Six" before making any such offer. London doesn't want to be rebuffed a third time.

As things stand today, EEC's executive body—the Commission—is dead set against any deal with Britain short of full membership. The French government is of the same mind. But the British would have strong backing from many businessmen and government officials in the Netherlands, Belgium, Italy, and West Germany. In fact, the odds probably would favor the British if they make a genuine and decisive move toward Europe.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK JULY 9, 1960 The U.S. is prodding West Germany to provide more aid to the underdeveloped countries. In Bonn this week, T. Graydon Upton, Asst. Secy. of the Treasury, said flatly that West Germany isn't pulling its weight. Upton was representing the U.S. at a meeting of the nine-nation Development Assistance Group (DAG), which was set up early this year.

At the DAG meeting, U.S. officials were unhappily surprised by the vagueness of German plans for long-range development aid. A scheme for a special "foreign aid tax" (BW—Jul.2'60,p72) apparently has been vetoed by Chancellor Adenauer, despite the huge foreign exchange reserves West Germany is accumulating.

It now looks as though Washington will have to go directly to Adenauer if there is to be any change in Bonn's aid policy.

Some U.S. officials believe that Adenauer must be convinced that more German aid is a political necessity in view of the summit collapse and the growing strength of the Soviet economic offensive. These officials would like to see Under Secy. of State Dillon lay it on the line to the Chancellor. Dillon is due to go to Europe later this month and could easily fit a visit to Bonn into his itinerary.

Don't write off chances of peace in Algeria. True, preliminary talks (BW—Jul.2'60,p23) between the French and Algerian nationalists (FLN) have bogged down. But no one expected the two camps—after nearly six years of war—to find negotiations easy.

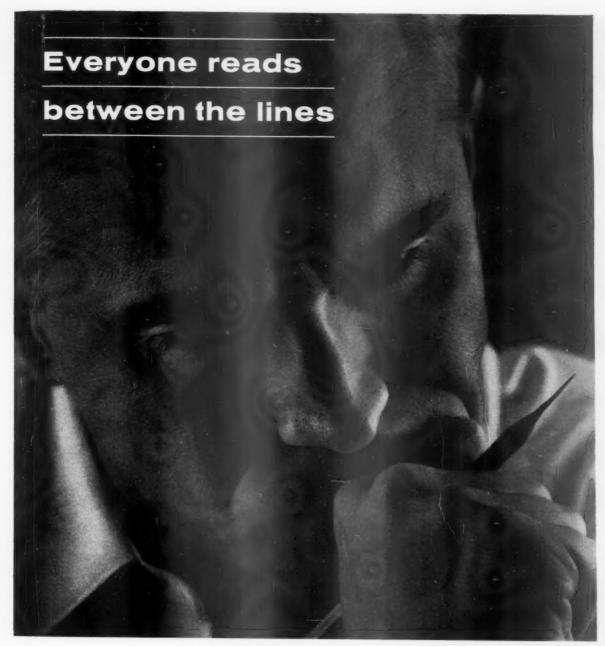
Note this fact: Though both sides are talking tough, they insist that their initial contact is not broken off, only in recess.

In the weeks ahead, Gen. de Gaulle may come under increasing pressure at home to reopen the suspended peace talks with the FLN. Up to now, the General has been given a free hand to find a solution in his own way. But trade unions and some of de Gaulle's left-of-center supporters are getting impatient. Even FLN leader Ferhat Abbas, in a speech last week, has recognized there are "new forces of peace" in France.

The U.S. isn't the only one having trouble with Cuba (page 34). Mexico and Venezuela are also confronted with a dilemma—whether to sell oil to the Castro government. Although it won't admit it, the Cuban government is not sure Russia can supply all the oil it needs, now that it has taken over the foreign oil refineries.

Mexico has received no less than five urgent pleas to ship oil to Cuba. For practical reasons, Mexico doesn't want to. It has little surplus and plenty of demand at home. It doesn't want to alienate Venezuela by going into markets Venezuela has lost. And it wants to keep good relations with the U.S. so it can sell sugar here. It's still possible that Mexico may send Cuba token shipments—to satisfy its public, which has little sympathy for the oil companies.

It's unlikely that the Venezuelan government will ship oil direct to the Cuban government. It wants cash, which Cuba doesn't have. It probably can't get enough oil, as its new national oil company is just getting organized. And it probably doesn't relish the idea of flying in the face of the international oil companies, with whom relations are already strained over the 65% oil tax.

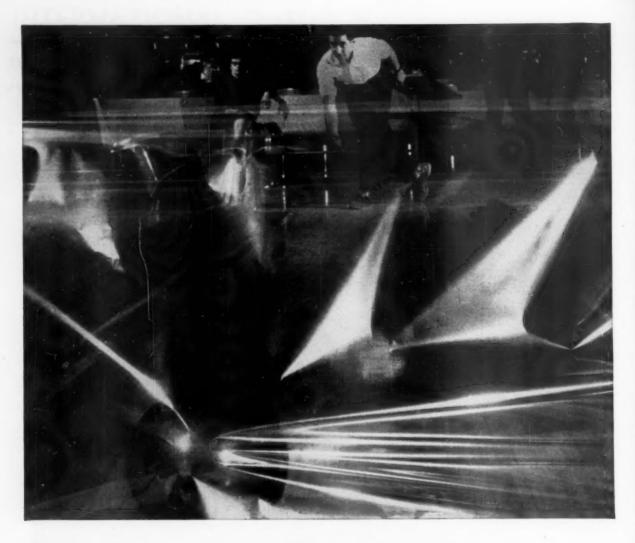


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THE MARKETS

Turmoil in World Sugar Trade

When Eisenhower slashed quota of U.S. imports from Cuba, an era of stability began to vanish.

Because most of the 1960 allotment had already been filled, the first effects are mostly psychological.

No shortages are in sight, but both the world and U.S. domestic prices are in for a jostling.

The sugar trade is in confusion this week as the U.S. government put the squeeze on Cuban sugar exports to this country. There is no telling when things will settle down, but the betting is that the once orderly U.S. sugar market may be in for long drawn out un-

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World sugar prices took off in little flurries that reflected the tenseness in the market. At midweek, Pres. Eisenhower signed the bill empowering him to exclude Cuban sugar from the U.S. market until Mar. 31, and then lopped off 856,000 tons from Cuba's 1960 quota-virtually all that remained to be filled (page 34). Because most of the quota has already been filled, Washington's action-at the outset, anyway-has more psychological than economic im-

Cuba has supplied about one-third of U.S. consumption, which is set at 9.4million tons for 1960. Some 25% comes from the domestic beet industry, and a small proportion from the cane industry in the South. The rest of our supplies comes from a group of for-eign countries and U.S. islands.

· Two Prices-There are two prices for sugar-world and domestic. The price for world raws, set by big transactions between seller and buyer, is now around 3¢ a lb. It tries to follow the classic pattern of supply and demand, but is somewhat held in check by the International Sugar Agreement, which limits shipments by production areas. The U.S. price-now 6.25¢ duty paid-is insulated from the world market by this country's Sugar Act, which sets consumption, determines import quotas, and looks out for the welfare of domestic growers.

· Repercussions-It's clear that the Administration's initial moves against the Castro government-and the stringent steps that probably will followwill have broad repercussions on U.S. and world sugar markets. Restrictions against Cuban sugar imports to the

U.S. will:

· Bring about a realignment of sugar imports to the U.S.

· Inject the U.S. government more deeply and directly into the sugar trade, putting it into the position of blocking off normal trade channels.

· Reshuffle traditional sources in world markets, which could result in sharp, if temporary, price swings. This will be even more pronounced if Castro increases his shipments to the Communist bloc, while other countries ship to the U.S. and reduce their shipments to free-world countries.

Sugar dealers say, however, that U.S. housewives won't be affected in the short run. There's plenty of sugar in this country and abroad, and domestic prices-protected by the U.S. sugar quota system-shouldn't be subject to

significant changes.

(World production of 49.3-million tons this year is expected to run ahead of consumption, estimated at 48.7-mil-

lion tons.)

What's more, as one sugar broker put it: "There'll be no shortage. With the U.S. price about 2¢ a lb. higher than the world price, any country which gets the right to sell in the American market will do so.

· Shipping Factor-Some sugar brokers, though, look for a push on prices, although they admit it will be slight. They reason that shipping costs will be the main factor, arguing that shipments from Cuba were not a factor in costs.

This is a minority view. Most sugar men believe that the kind of nervous price movements now being felt in the world market will not mean higher sugar prices in the U.S. And they scoff at the shipping angle.

The crux of the matter might well be whether the government takes over the bulk of the sugar importing business, now handled by private companies, and if so, just how it handles this business.

Some officials, for instance, favor putting the Commodity Credit Corp., whose chief role is supporting demestic farm prices, in charge of sugar imports. They reason that the CCC might be able to buy up sugar at the low world price, resell it to domestic refiners at the higher U.S. prices, and pocket the

profit. Of course, it could resell at lower levels and give U.S. consumers a break, but the whole question of how the U.S. will treat its new suppliers is still up in the air.

· Next Congress-It won't really be resolved until early next year. Under the new Sugar Bill compromise, the extension of the Sugar Act expires Mar. 31. This means that the next Congress will

have to act early in the session. Meantime, U.S. officials feel they'll have no trouble finding new sources for U.S. needs outside of Cuba. That's because other sugar-growing countries are bursting to take over part of Cuba's quota. Present quota-holders, such as Costa Rica, Panama, Haiti, and the Philippines, could increase their production. U.S. officials also regard Brazil and Australia, non-quota sources, as

prime candidates for suppliers.

• The Long Run—U.S. prices might eventually be affected, sugar traders agree, if world markets continue to suffer-and this prospect, to some, is

Some traders think world prices, now in the doldrums, may stiffen for awhile as foreign countries remove their sugar from world markets in hopes that they will be able to move it to the more

profitable U.S. market.

But the outlook is more uncertain than that. The key, most sugar specialists say, is how Castro disposes of his surplus sugar. In the light of Washington's moves, Cuba has 856,000 tons to get rid of in the world market, and the island's past preference for tonnage rather than price does not bode well for how it will handle this situation.

Castro still has two courses open, which would have a further depressing

impact on prices:

· He might ask for an increase in Cuba's international export quota. Under the International Sugar Agreement, each of the major producing countries has an export quota governing its sales to most world markets-not the U.S. This step would almost certainly meet with strong opposition. But if pushed through, it could make more Cuban sugar available for sale in the world markets, complicating an already confused market situation.

· He might find some way of dumping his sugar outside of ISA regu-

For the long run, Castro is figured to turn more to the Communist bloc to sell his sugar in exchange for industrial goods and machinery. This would further disrupt worl 1 prices, and could also upset the U.S. market. END

Mortgage Money

Stirs interest among private lenders as Fanny Mae announces that it will hike its purchase price.

The Federal National Mortgage Assn. -Fanny Mae-announced this week that it will pay more for the mortgages offered it by investors anywhere in the U.S. This move, the first increase on a nationwide basis that Fanny Mae has ever made, seems likely to stimulate borrowings in the secondary mortgage market, which will result in increased funds available for housing.

Fanny Mae always stands ready to buy housing mortgages guaranteed by the Federal Housing Administration and the Veterans Administration. Because interest rates on these mortgages are fixed, buyers are unwilling to pay the face value of the mortgage except in times of easy money. Over the past few years, when money has become increasingly tight, the discount from

face value has been a big one.

• Flexible Policy—While Fanny Mae is required by law to purchase mortgages, it has a flexible pricing policy. Last year, when money was at its tightest and mortgage funds very scarce, it made four separate reductions in the price it was prepared to pay sellers of FHA and VA mortgages. At the bottom, 4½% mortgages were sold at a discount of more than 10 points from par, with 51% mortgages selling at 5 to 7 points below par, and 51% mortgages at 1to 3-point discounts.

Now, Fanny Mae is making a 50¢ boost on each \$100 of the face value of FHA and VA mortgages. This is not a big increase, but coming after the big cuts made last year and being established on a national basis, it is a sign that mortgage money is getting somewhat easier, and that buyers are willing to accept somewhat lower yields.

· Across the Board-Normally, Fanny Mae's price changes are regional. This time, it put through the 50¢ raise across the board. But the spreads in mortgage discounts are likely to remain in various regions. For example, New York and New England mortgages sell at a somewhat higher price in the secondary market, partly because residential construction is at a slower pace, partly because there are many institutions that have money available to use for investment.

In contrast, in the fast-growing areas of the South and Southwest-where building has been booming and where money is in short supply-mortgages sell at the lower end of the range. Now that Fanny Mae has hiked the price it

will pay, sellers of mortgages will not only be getting additional funds but should also find it easier to place their

mortgages in private hands.

· New Interest-This appears to be happening already. Last year, sellers of mortgages found few private takers, because traditional mortgage buyers such as the life insurance companies and the mutual savings banks were cutting down on the amount of funds made available for government-backed mortgages. Therefore mortgage sellers were forced to go to Fanny Mae even though it would take them only on big dis-

Now, banks and insurance companies are showing much more interest in mortgages, and are not demanding the kind of discounts they did earlier. Fanny Mae itself has witnessed a steady decline in the mortgages being offered to it; in part at least, this indicates that private lenders are making more money

But this decline in offerings is also due to a cutback in housing construction stemming from extremely tight money-and some fall-out in demand by home buyers. Speculative builders have been growing cautious because of the tightness in mortgage credit and the deep discounts that have prevailed on government-backed mortgages.

· More Lenders-Fanny Mae's price increase is both a reflection of slightly easier credit conditions and a signal that even more ease may be on the way. It is definitely calculated to encourage builders, and should bring about an increase in mortgage purchases, both by private institutions and by Fanny Mae itself.

One insurance company official said this week that he was actively scouting for mortgages. This represents a change, he says, from his company's position at the first of the year. "We were then willing to reinvest in mortgages the funds accruing from our prior commit-ments," he explains. "Now, we are willing to put some of our other money into the mortgage market.'

This switch is being made by other private lenders. They do not look for any flood of mortgages, but they do feel more inclined to pick up paper at the current discounts despite the fact that they refused to acquire them at deeper price cuts-and higher vields-

only a few months back.

One banker hailed the fact that Fanny Mae made its increase nationwide. This was a recognition, he said, that the secondary mortgage market is becoming much less regional in character, and that investors are becoming increasingly adept at putting their funds where they get the biggest yields. "Eventually," says one banker, "we will have a truly national market without any real difference in spreads."

Wall St. Talks .

. . . about "excessive" stop-loss orders, Merrill Lynch research shifts, utility bonds "on ice."

Wall Street pros are warning about an "excessive buildup" of stop-loss orders. They say that sudden sharp drops in several active issues have been caused by a chain reaction as selling from one stop-loss order touched off other stop orders put in at lower prices. "Most of these amateurs," says one trader, "don't realize that, in a falling market, the stop order is no insurance against loss."

There has been a shakeup at Merrill Lynch, Pierce, Fenner & Smith, Inc., aimed at strengthening its research activities. William H. Dunkak, who was research director, moves up to become market economist in charge of special research projects. John H. Moller, who has been a manager of one of the company's biggest branches, moves in to administer the big research staff.

First Boston Corp. has had to put its double offering of Savannah Electric & Power Co. first mortgage bonds (\$5million, sold to vield 4.97%) and debentures (\$3-million at 5.15%) "on ice." The issue, first offered June 17, was reported "at best only 10% sold" at midweek.

Microwave Associates engineered a smart deal this week when it picked up options for 28% control of Antenna Systems, a new but burgeoning Boston electronics company. Antenna Systems, already hitting an annual sales pace of \$750,000, was strapped for working capital, but company officers didn't want to sell stock publicly, or give up control to a venture capital firm. So Microwave moved in, lent the company \$150,000 at only 5% interest, got the options as a sweetener.

Brokers say that Otis Elevator's tieup with Bowl-Mor to manufacture automatic pinsetters is the chief reason for the sharp price drops suffered by Brunswick Corp. (to 62½) and American Machine & Foundry (to 63), the two leaders in the field.

Smith-Corona Marchant, which rose to a new high of 18% when its new photocopy machine was announced, should also benefit from sales of a popular-priced adding machine line that it plans to market for General-Gilbert Corp. Smith-Corona says that the two new products together could add \$5million to its sales.

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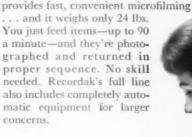
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1960

In the Markets

Some Favored Stocks Lose Ground In Confused and Nervous Market

Stock prices put on a mixed performance this week, reflecting the growing uncertainty and confusion of investors. The low level of steel production and the slowing up of consumer credit led to selling of steel, auto, and appliance stocks, and the general expectation that second-quarter profits would be below the level of a year ago has also served as a depressing influence.

This pessimistic view was not confined to the cyclical area. Many of the high-flying "growth" stock favorites took tumbles this week. This was partly the result of profit taking, but also could be attributed to the fact that many investors began questioning whether some of the issues selling at extremely high price-earnings multiples could maintain their growth if the economy as a whole turned down.

The vending machine group, which has been one of the hottest favorites among both speculators and traders, retreated under some nervous selling. So did some of the "leisure" group issues, and a few of the more speculative electronic companies.

At the same time, though, the growth utilities were being bought, and investors showed no signs of turning from stocks to bonds as they did earlier in the year. Instead, they are putting funds into defensive type groups, such as foods and tobaccos.

Many brokers report that their customers are much more cautious and selective than they have been in some time. And a number of houses look for lower prices simply because "the outlook is not bright enough to warrant heavy buying."

But this is the kind of market that encourages differences in view, and there are a number of veteran market men who feel that the second half of the year will bring much better earnings results as well as an upturn in spending. This might lead to a renewal of confidence.

Meanwhile, bond prices increased on expectations that the Federal Reserve would act to increase the money supply. Bond dealers, who failed to mark up prices when the Fed lowered the discount rate, reported increased demand this week. They reasoned that some investors were obviously betting on a downturn in business and further lowering of interest rates.

Stockholders Sue Florida Land Company In Effort to Sell "Investment" Shares

General Development Corp., the big Florida land development outfit, is mixed up in a court fight that could have an important bearing on the right of investors to sell out stock they require under agreements and investment letters stating that purchase is "for investment" only. Among several interested onlookers is the Securities & Exchange Commission, which says that it

may try to intervene in the case to present its own views.

The case is being brought by three former officers of a GDC subsidiary and Florida-Canada Corp., its predecessor, who have sued the company demanding that they be allowed to sell their GDC stock. They bought the stock through options on the understanding it was for investment, not for distribution. All told, they own close to 121,000 shares worth, currently, \$1.7-million.

The nub of the case turns on the definition of "investment." The former GDC officers say that they have held their stock over three years, and to require them to hold it any longer would be "unjust and unfair." GDC, however, insists that under the terms of the original stock option the shares have to be held indefinitely. The SEC is concerned because, in the past, boiler room operators have frequently sold stock, supposedly issued under an "investment letter," in unregistered and illegal stock distributions.

Harry Jasper Is Acquitted In British Financial Scandal

A judge at London's Old Bailey this week acquitted 55-year-old Harry Jasper of charges that had made him the center of one of Britain's most publicized financial scandals (BW-Oct.3'50,p31). He did so because he felt "carelessness... is not by itself sufficient to constitute recklessness."

Jasper and Friedrich Grunwald, a 34-year-old lawyer, teamed to build a financial empire by taking over small real estate companies, partly relying on loans from building societies—Britain's version of savings & loan associations. Suddenly, their borrowed money ran out in a takeover bid for Ely Breweries and Lintang Investments. Their empire collapsed, and repercussions were felt all through The City, London's financial district.

Jasper now says "I will never be completely happy until the whole Lintang transactions have been unscrambled." Grunwald, meanwhile, continues on trial.

Political Crosscurrents May Buffet Tax-Exempt Market in Second Half

The tax-exempt bond market in the second half of 1960 is apt to be more sensitive and hesitant than customary, according to the traditional midyear survey of the market by Halsey, Stuart & Co. The bond house says the market's trend will be buffeted by a number of cross-currents. On one hand, a change in administration in Washington may bring new attitudes toward defense spending, the budget, and deficit financing. On the other, political pressure in this election year may be brought to force a return to easier money and lower interest rates.

But Halsey, Stuart believes there is no letup in sight in the flow of tax-exempts to market. Volume in the first six months totaled \$4-billion, some \$450-million below the record first half of 1959 (chiefly attributable to the decline in the number and size of revenue issues). But the survey says the public still seems willing to vote bond issues, and it looks for no dearth of new offerings.

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Results, however, have exceeded the highest expectations. Production has jumped 3.5% during summer. And there have been many other benefits.

Improved working conditions have cut labor turnover 33%. Clean filtered air has saved 68% in labor lost through rejects. Cleaning maintenance time has been cut 50%. And precise temperature and humidity have greatly reduced quality control problems.

As a result, Simpson is earning a handsome 80% annual return on its Carrier air conditioning investment.

Many other manufacturers report that Carrier year-round air conditioning is paying similar dividends which, significantly, do not vary greatly as the result of geographical location or the type of products manufactured. The most important factor in determining the profitability of air conditioning, in almost all cases, is the density of workers in a plant or plant area.

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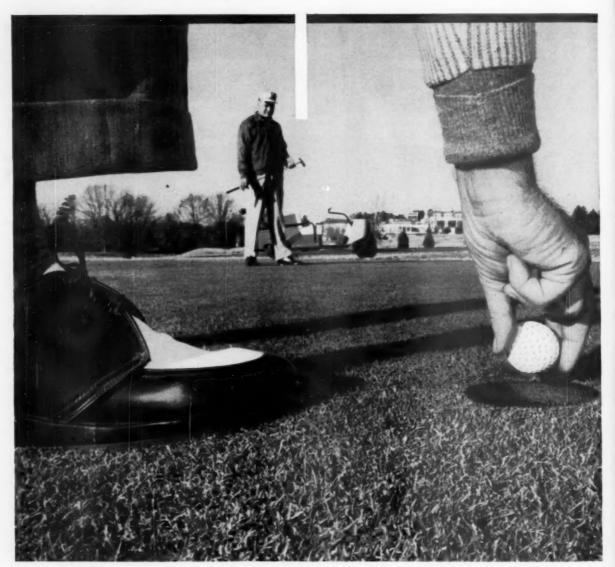
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GOVERNMENT

Playing Lone Hand, So Far

Gov. Nelson Rockefeller (picture) isn't on the Nixon bandwagon yet. His strategy: to impress his views on the 1960 platform and, perhaps, to line things up for 1964.

The Republican Party is moving into its national convention and the Presidential campaign under powerful pressure from Gov. Nelson Rockefeller.

The New York governor has made it clear that if he does not get the nomination—and he knows he won't unless something of catastrophic proportions occurs—he intends at least to have a voice in the shaping of the party platform and party image.

This is something like what Harold Stassen attempted in his disastrous "Dump Nixon" move in 1956. But Stassen was just an appointed White House adviser with no political base. Rockefeller is the outstanding Republican governor in the nation, in control of the biggest delegation at the convention, and to some extent the rallying point for a significant wing of the party—the urban, Eastern members who lean toward more welfare programs and more ambitious international policies than do the Midwest GOP traditionalists.

Both friends and enemies are confused by these tactics. They wonder how far he is willing to go and at what point his personal views and ambitions will yield to party loyalties. He is sometimes hailed for his courage and independence and more often denounced for his apparent willingness to divide the Republican party and perhaps lose the election.

At the recent Governors' Conference in Glacier National Park, Rockefeller let it be known that unless the party platform is molded to accommodate at least some of his publicly stated views on such issues as national defense and economic growth, he will not be ready to give much support to the Nixon Presidential campaign. And, of course, if Nixon campaigns on a more conservative platform than Rockefeller is promoting and he fails to get elected, the governor will be waiting in the wings for 1964.

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• TR or FDR-Rockefeller's bold bid for intellectual leadership of the GOP has the party professionals believing they may have a new Roosevelt in their midst-but they aren't yet sure whether it's Teddy or Franklin.

The exuberant New Yorker has qual-



THE COMMON TOUCH of millionaire Rockefeller makes him a hit wherever he mingles with people, as in this group of college students at the Governors' Conference.

ities of both. His sudden pouring of sand on the well-greased track of Nixon's previously uncontested nomination reminds them of Teddy Roosevelt's rebellion in 1912 that split off the Bull Moosers. There is a touch of T. R. in his "bully" optimism, back-slapping friendliness, and his readiness to charge up one hill and down the next. (Two days after his blast at Nixon and the Administration, he backed down considerably on the "Open End" TV interview.)

But in Rockefeller's vote-getting charm, his touch with the common man in spite of his millions, they also see the specter of FDR. And, like FDR, he won the New York governorship against a landslide for the opposition party elsewhere in the country.

• In and Out and In—Rockefeller's sudden withdrawal from the Presidential race and his equally sudden reentry aroused some speculation that he had miscalculated in bowing out so soon. He himself feels he had good cause to pull out when he did. He felt that the only way to challenge Nixon would be by going into the primaries. This would have meant time away from Albany just when he had to be on the job to get his program through a legislature dominated by conservative upstate Republicans.

"I was just sitting there thinking to myself," he confided to a friend, "How



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foolish can you get?' I could fall flat in the primaries and make a poor showing as governor at the same time." Why he did not simply leave the

Why he did not simply leave the question of his candidacy open, in case events should turn support toward him (as Adlai Stevenson has done), remains a puzzle. Apparently he did not foresee that he would want to jump back into the national fray so soon.

With the legislative session over, he came out with his blast at the Administration and Nixon to make clear that he is a different stripe of Republican and is impatient with what he considers a lack of vigor in the party's program.

lack of vigor in the party's program.

• Looking to 1964—Gov. Rockefeller may well write off the 1960 nomination and set his cap for 1964. He will then be just 56 years old. If he can get reelected in 1962 as governor of the biggest state, he will be a natural contender for the White House.

The governor still has two years to translate the personal popularity that swept him into office by a half-million-vote margin into a solid political base that will assure his reelection. He got the most unpopular part of his program—a tax increase—out of the way at the beginning, so the memory will be dim by 1962. While the governor's popularity has taken something of a beating from the tax hike and some unpopular appointments, he has plenty of time to recover. His prospects are brightened by the absence, so far, of any ready-made Democratic contenders.

I. Too Democratic?

With that background in mind, many voters are wondering what kind of President Rockefeller would make.

AFL-CIO Pres. George Meany has described Rockefeller as a "dedicated, aggressive liberal." Many Republican critics feel, in fact, that there is little to separate Rockefeller ideologically from Sen. Hubert Humphrey.

• Differs in Degree-Rockefeller differs from the New Deal Democrats mostly in the matter of degree:

 He favors federal aid for school construction, for instance, but not for teachers' salaries. He fears the latter form of aid might give rise to federal control.

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• As Under Secretary of Health, Education & Welfare early in the Eisenhower Administration, he opposed large grants for medical research, feeling that such efforts should be financed by private philanthropy.

• He puts great emphasis on local government for solving local problems, such as giving school districts more taxing powers so they can help themselves. He thinks the GOP is "more efficient" than the Democrats.

Rockefeller says about himself that four things distinguish him from a Democrat: his belief in "civil rights, local government, individual initiative, and fiscal integrity."

II. Legislative Record

His insistence on fiscal integrity has been the keystone of his program as governor. His first official act was to raise taxes

"This may be poor politics," he told his aides, "but it's good government, and I'm going to do it."

The Democratic administration of Averell Harriman had been running in the red for two years. Rockefeller's economists predicted a deficit of \$700-million if things went on as they were going. Rockefeller totaled up his own program and saw with alarm that it would cost \$2-billion, 10% more than Harriman's last budget.

• Close Contest—He immediately asked for a \$272-million tax hike—increased fuel, cigarette, and tobacco taxes; higher tax rates for incomes over \$11,000, and a lowering of personal exemptions from \$1,000 to \$600 to bring 300,000 lower-income persons to the tax rolls for the first time.

The legislature howled. Democrats attacked it as a "soak the poor" plan. Some of his own advisers insisted he was underestimating revenues and did not need such a sharp tax increase. He was booed at a Madison Square Garden sporting event. But the bill squeaked through by two votes.

Last month Rockefeller offset some of this political liability. With a \$90-million surplus in sight, he promised a 10% tax rebate.

• Improvements—The governor used a good share of the new revenues to increase state aid to education. The \$99-million boost was the biggest one-year increase in the state's history. He also earmarked more money for New York City in the form of bonuses above the normal allocation—a move that did him no harm with Democrats in the legislature.

Rockefeller succeeded in passing several measures aimed at improving the business climate of the state. Most of them were minor but removed some of the irritations that businessmen had felt.

One was a controversial omnibus banking bill permitting New York City banks to open suburban and state branches for the first time. Another eliminated the \$20 fee a company had to pay for every workmen's compensation hearing. He amended an election law requiring employers to give two hours off with pay on Election Day, in favor of requiring paid time off only when working hours prevent an employee from getting to the polls.

"It's hard to pinpoint it," says one businessman, "but there's a definite change in attitude of the state administration. Businessmen used to feel they could never win a workmen's compensation case. They don't feel that way

· Other Gains, Too-At the same time, labor could not complain too much, because they made some points, too. The governor vetoed a bill that would have required a year's residence to qualify for relief (a bill aimed at the Puerto Ricans). He increased unemployment compensation and workmen's compensation from \$45 to \$50 a week. He passed the first minimum-wage bill in the state's history, though labor leaders criticized it as too low (\$1 an hour) and not covering enough workers. He established a state housing finance agency to lend money at low interest rates for middle-income housing.

• Setbacks, Too-But his administration has by no means been an unqualified success. A few of the measures on which he worked hardest did not

These were a bill to eliminate racial discrimination in the sale or rental of private housing; one to encourage voluntary construction of home fallout shelters by granting tax deductions; a bill establishing federated school districts that could levy sales taxes as well as property taxes (the governor called it a "local self-help" bill), and a "bill of conscience" giving nonresident taxpayers the same deduction privileges as residents.

III. Leadership Struggle

Part of the reason for these failures was simply political innocence about what it takes to deal with a recalcitrant legislature. Rockefeller had a constant battle with his own Senate majority leader, Walter J. Mahoney of Buffalo. "Rockefeller's strength is with the

"Rockefeller's strength is with the people," says a New York lobbyist. "He can charm the voters, but he hasn't learned that you need something besides charm and logic with politicians. He has a certain contempt for politicians. He doesn't want to get down in the mud with them."

 Anti-Political—Rockefeller relied on personal persuasion. Several times a week, he called legislative leaders in for breakfast at the governor's manse. But he declined to use such political powers as patronage or state control over local public works.

Many of his top appointments were men drawn from business or civic affairs who had not been active in the party at all. A registered Democrat, Solomon Senior, was named chairman of the state Workmen's Compensation Board. His personal secretary, William Ronan, had been dean of the New York University Business School and a Democrat. A press secretary, Robert McManus, had been Harriman's speech



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writer and is the brother of a county Democratic leader.

These appointments won him no friends in party ranks. His own personal staff and advisers are not politicians

Perhaps his biggest mistake as governor was to name 28 task forces composed of "leading citizens" to study state problems. The legislators felt that such matters were the bailiwick of their own committees, and they treated the recommendations of the task forces with contempt. As a result, Rockefeller has gradually dropped his emphasis on 'citizens' committees.

· Who's Boss-Morton Lawrence, radio commentator who organized the "draft Rockefeller" movement, summed up the case in a recent broadcast: "The situation in the Republican ranks has not reached the stage of name-calling, but [the GOP legislative leaders] are making the governor dance to their tune. Rockefeller, who always tries to win over the opposition through logic and compromise, may change and become the forceful leader that so many of the people who voted for him thought he would be.

There is evidence that he is learning the lesson. He has been holding off a number of appointments until after the Republican convention in Chicago, to make certain that delegates stay in

· Brain Power-One of the advantages of being fabulously rich is that you can hire brains. Rockefeller does, and makes full use of them. During his intermittent service in Washington over a 20-year period, he usually had a personal staff working for him as well as the official staff that was on the government payroll. As a result, while his oversized staff and flambovant methods sometimes caused resentment in other bureaucrats, he was always well prepared on the issues. An Administration official recalls that Pres. Eisenhower always listened to him with re-

· Washington Career-The governor's Washington experience was wide and

· As director of the Office of Coordinator of Inter-American Affairs during World War II, he worked hard to improve Western Hemisphere relations, and he is regarded warmly in South America.

· He helped draw up reorganization plans for the Health, Education & Welfare Dept. and then became

Under Secretary

· He was chairman of a President's advisory committee that brought about administrative changes in 10

· Eisenhower later appointed him special assistant on foreign policy, responsible directly to the President. END City-



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PRODUCTION

Electronic Parts Go to Shrinker

Microminiaturization—development of ever smaller, more reliable components—has the industry in ferment.

Rival companies are backing rival ways to achieve the desired ends, though no one knows for sure which way is best.

The trend began as an answer to the military's needs; it may end by making some basic changes in the electronics business.

At Westinghouse Electric Corp.'s Semiconductor Div., an engineer speaks into a wrist watch. His voice booms from an FM receiver on the other side of the office. The secret: Inside the watch is a tiny low-power transmitter, consisting of a single piece of germanium specially etched and coated.

At Texas Instruments, Inc., engineers huddle around a tangle of fine wires leading from an almost invisibly small chip of material. Nearby, jagged green lines blinking on the face of a high frequency oscilloscope indicate that the chip is performing a computer function.

At the Federal Systems Div. of International Business Machines Corp., a sports-shirted physicist dips a chip of plastic crisscrossed with bright metal lines into a flask of liquid helium. The oscilloscope screen shows that the chip all by itself is doing the job of several dozen standard electronic components.

dozen standard electronic components.

At Thompson Ramo Wooldridge's Pacific Semiconductors Div. an operator with tweezers in hand tests the delicate gold wires emerging from transistors less than a third as big as a grain of rice. Hundreds of the transistors are produced in a day, yet the whole batch weighs considerably less than an ounce.

• Changing Industry—Scenes such as these, common in electronics industry today, are glimpses into the future of the business. All the way from basic research to the production line, the industry is in ferment as it gropes for ways to turn out smaller, more reliable devices to go into tomorrow's missiles, computers, and all the other equipment of which electronic gear forms a vital part.

The incentive for this search comes most strongly from the military. It is cramming more and more complex electronic systems into less and less space —and, at the same time, it requires vastly greater reliability. Despite remarkable strides in reducing size and

increasing dependability, the components and wiring techniques that have been standard up to now just can't handle the assignment.

So the electronics industry is reexamining all its techniques, materials, and production methods. These reappraisals bring rapid change—so rapid, in fact, that it's confusing to electronics specialists themselves, let alone to the layman. A jumble of ill-defined new trade names and terms has appeared: Molectronics, solid circuits, microminiaturization, micromodules, circuit functions, and dozens of others.

• Definitions—The jumbled nomenclature reflects the conflict within the industry on how to achieve the desired smallness and reliability. Probably as good a definition as any of the various elements in this conflict came out of a session at a Cornell University Device Conference last year. The conferees categorized four distinct approaches:

Making conventional components smaller.

 Laying whole circuits down in thin films by vacuum deposition techniques. This method resembles the making of printed circuits—in which wires are printed on a piece of material. But resistors, capacitors, and possibly active components like transistors as well are printed right along with the wiring.

• Molecular electronics. This involves manipulating the characteristics of a small piece of material—by controlling its crystal structure and impurity levels or applying it in a thin film. As a result, the piece of material does a job in an electronic circuit, but it is impossible to distinguish individual components in the circuit.

 "Advanced molectronics," selected for lack of a better name to indicate blue-sky studies of electronic systems that might emulate the behavior of a nervous system in a living animal. These possibilities are being probed by mathematicians, chemists, and physicists.

• New Choice—Choosing among the new approaches is a confusing task for the device designer and circuit specialist. The job was tough enough as it was: Out of a formidable array of tubes, transistors, resistors, coils, and capacitors, he puzzled out combinations to put electrons through the proper hoops and loops. Now he must also look at completely new materials and devices—many of them overlapping and each with its own claims, counterclaims, and rumored defects.

For a simple logic circuit in a computer, for instance, he can choose from the usual array of standard components, miniature components, or subminiature components; or he might select a two-dimensional, thin-film circuit made up of layers of materials; a single solid crystal of semiconductor material the size of a matchhead; or perhaps one of General Electric's TIMM circuits—tubes of metal and ceramic that operate red-hot

To complicate the choice still more, the industry's laboratories are turning out hundreds of pilot project devices. Except for the standard components and their microminiaturized cousins, very few of the devices are in production yet. And these few bear satellitehigh price tags.

• System First—The wider choice of techniques is having another effect. Some engineers are straying from the conventional practice of designing equipment to fit available components—to the reverse approach. In the new way, they design a system first and then develop components to make it work best.

The change to this procedure has been evolving for some time. Since the first radio set was made, the industry has always been trying to reduce the complexity, size, and cost of electronic equipment. Before World War II, the primary motive was to cut costs. A good example of the results of this drive is the multipurpose tube used in table radios: It combines several electronic functions in one glass envelope to save both space and money.

The emphasis shifted after the war with the development of airborne electronic systems, large computers, and other complex instrumentation. The need for small and lightweight devices took priority over cost-cutting. With so many components interdependent in a system, reliability became much more important than ever before.

• Progress-and Problems-The indus-



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Peabody Plaza 301 Olive St. St. Louis 2, Mo. try scored striking advances in meeting the new needs. Electron tubes shrank from the diameter of a thumb to that of a lead pencil. Transistors, with their low heat output and power drain, made it possible to produce components the size of a rice grain. Thanks in part to new materials, resistors, capacitors, and other components grew smaller, too.

But as size came down, costs went up, and other problems multiplied. Assembling tiny components is slow, painstaking work. Close packing of the small devices makes it difficult for heat to escape. Repairs are hard to make-

if not impossible.

So it was no solution to produce standard components in a miniature, then subminiature, and finally microminiature size. The emphasis shifted again, this time from smaller components to integrated electronic units or

circuit-function packages.

• Computer's Innards—Modular circuits, as such, are a familiar idea in electronics. Any large computer contains hundreds of identical circuit boards, each with an assembly of wires, printed wires, resistors, and capacitors-as many as 80 or more components on each board. In transistorized computers, the circuit boards usually sport transistors and diodes, too. Usually, if one component goes bad, the whole board is removed and replaced by a spare.

Each such circuit board ordinarily performs a single electronic function. It may be an amplifier, a switch of one sort or another, or a so-called vibrator that sends data through the computer on pulsing signals. A really big computer may boast thousands or even tens of thousands of the boards, and with high-quality components, a subminiature board may cost from \$25 to \$150. The biggest single job in electronics is to get these boards smaller, more reliable-and eventually cheaper. The argument is over the best way to do it.

· Covering Their Bets-Whatever the disagreements, almost everyone in the industry is at work on all possible approaches. But individual companies decidedly have their favorites.

Dr. John Gudmundsen, director of laboratories at Hughes Semiconductor Div., for example, thinks the industry will stick with shrinking the size of standard components for some time.

However, Texas Instruments and Westinghouse differ outspokenly with Hughes. TI is already supplying preproduction lots of its solid circuitfunction packages in more than a dozen configurations. Westinghouse is working on more than a dozen types of semiconductor solid-state circuit-function devices-and expects some of them to be in production within a year.

· Other Pets-At General Electric and Bell Telephone Laboratories, the stress is on thin-film devices and on microminiature transistors and diodes. IBM is scrutinizing all techniques intensively. It has devised effective thin-film methods, but it's also at work on vaporgrown semiconductors that could be used in the molectronic approach.

Like GE and Bell Labs, the research division of Servomechanisms, Inc., is enthusiastic about thin films. It holds that one of the main goals of the whole microminiaturization drive is to upgrade the basic unit in a system from a component to a function-amplifying, say, or switching. That way, circuit designers would still work with building blocks, but without many of the interconnections and other complexi-

ties of present systems.

Another backer of techniques for depositing thin films is Dr. George Kizmetsky, vice-president of the Electronics Equipment Div. at Litton Industries. He is convinced that thin films will be feasible with resistors, capacitors, and other so-called passive elements, and he has high hopes for the same approach with the active elements such as transistors and diodes. Success with thin films for passive elements alone would make it possible to produce a computer one-sixth the size of present miniaturized equipment, he says. Litton and Servomechanisms together are developing a thin-film magnetic memory that would cut computer size 1/20th if it works out.

· Material Studies-Ford Motor Co.'s Aeroneutronics Div. plumps for circuit function modules. Craven Wanlass, of Aeroneutronics, figures that subsystems in tomorrow's complex electronic systems will outnumber the components in today's. Aeroneutronics is concentrating on studying the potential of materials that go into electronic devices.

Wanlass thinks today's leaders in microminiaturization are Texas Instruments and Westinghouse. But, like many others, he regards the field as so broad that no one or two companies

will ever dominate it.

· Wide Choice-This very breadth is a big problem for researchers. A project may require chemists, ceramicists, highvacuum specialists, and logicians to work right alongside circuit designers, electronics engineers, and physicists. It may be as hard for the group to decide what to make as how to make it.

As the field develops, many computer makers may well produce their own circuit functions, besides designing them. This could bring drastic change to the present makers of semiconductors.

The timing and extent of the change will depend essentially on two factors:

· How much device makers are willing to gamble on relatively unproven materials such as thin films.

· How quickly laboratory achievements are translated into production equipment. END



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PERSONAL BUSINESS

BUSINESS WEEK JULY 9, 1960



You can safely ignore the recent talk about bungling and confusion in the handling of college admissions. This is mostly nonsense, from the Ivy League west to Pomona.

What you can't ignore, though, as a parent, is the population pressure that is hitting college admissions offices today. This is dead serious.

The greatest overcrowding of would-be freshmen-now and in the foreseeable future-is at the leading "name" colleges in the Northeast. The eight-member Ivy League, for example, accepted 13,000 students to fill 8,500 places in their September, 1960, classes, but rejected more than 25,000 others (presumably youngsters already thoroughly screened). But as you get away from the Northeast, this pressure lessens.

The truth is, a number of superior schools in the Midwest and Southand to some extent, in the West-would seem far better bets for admission in the next few years than almost any ranking college in the East. And, unless your youngster is riding securely in the top 25% or 30% of his class, you and he may find it wise to have alternate plans.

In your mind, the Ivy League probably already goes well beyond the eight members of the formal league and includes at least eight or 10 other Eastern names, such as Amherst, MIT, and Williams. But perhaps you should add liberally to this list and go farther West.

Going West, incidentally, may be an especially good idea for boys living in the East, since many colleges spread their students geographically; the reverse-West to East-applies, too.

Actually, out of more than 1,500 colleges in the country, at least 40 to 50 rate top academic (if not social) standing on a near-par with the highest Ivy standards. Here you get a wide range of names and locations-Duke (N. C.), Kenyon (Ohio), University of Michigan, University of Chicago, Lawrence (Wis.), Carleton (Minn.), Tulane (La.), Rice (Tex.), University of Colorado, California Tech, Pomona (Cal.), and Stanford (Cal.), to name a few. And, say educators, you can safely tack on another 40 or 50 names, for a total of 80 to 100 colleges, and stay on a high level.

Harvard, Yale, Princeton, and the other Ivy Leaguers still put a boy a step ahead, of course. This seems particularly true today when it comes to getting favorably located in the professions, such as law.

But, on the other hand, if your boy is two or more years away from college, you may be kidding yourself and him almost cruelly if you let him think he has the Ivy League "made" when he hasn't. The point is, if there's any doubt in your mind, now is the time to get him better prepared for an Ivy school, or else to broaden his (and your) ideas about other good schools. And note this: Your own "old grad" status will cut little ice.

A frequent parental mistake is to implant seeds of anxiety in a youngster by making him feel that getting placed in a good college is almost a matter of emergency. He gets quite enough of this in school, say educators, and your pressing the theme might do him more harm than good. Instead, simply encourage him to hit his best natural stride of accomplishment. Briefly, here are some practical points you'll want to stress in talking it over:

· Qualities wanted. Top colleges, of course, want academic ability. But they look for more in a boy. Strength of character, stability, creative ability in some field, capacity for leadership, intellectual curiosity, and a sense of concern for the public good are qualities sought after. Also, the colleges want a cross-section of aptitudes and interests—some poets among the 129

PERSONAL BUSINESS (Continued)

BUSINESS WEEK JULY 9, 1960 science and math boys. Admissions officials say that many teenagers overemphasize extra-curricular activities—a long list isn't the answer.

- Prep schools. Shifting to a superior private college preparatory school may be a good idea, especially if your local high school is weak or if your boy shows signs of needing a more disciplined working routine (BW—Apr. 30'60,p125). But note that top colleges aren't favoring prep boys, and in many cases, they actually are giving an inch of preference to the outstanding boy from the obscure public high school.
- Rating colleges. First, you should read The College Handbook, published by the College Entrance Examination Board (P. O. Box 592, Princeton, N. J., \$2). It is a top-rated guide in which 250 leading colleges describe themselves. The next step is to have a talk with your boy's prep or high school college adviser. You also should see the admissions official of at least one of the colleges you and he have in mind. Finally, visit several campuses each summer, especially if it looks as if your boy will be entering a lesser known college. Some smaller schools not only rate high academically, but have campuses and physical facilities that may surprise you—Oberlin (Ohio), Reed (Ore.), and Vanderbilt (Tenn.), for example.
- Applications. In applying to at least three colleges—one shooting high, one in the middle, and one "sure"—your boy should vary both school types and locations. This is most important, say admissions people.

For prep or high school graduates caught short without an acceptance for this fall, the thing to do is to write to the College Admissions Center, Glenbrook High School, Northbrook, Ill., or to the College Admissions Assistance Center, 535 East 80 St., New York 21, N. Y. Replies will be prompt.

Portfolio Dept.: You may be noticing a considerable decrease in securities "touting" now that New York State law requires investment advisory services to file sales literature and advertising with the state Attorney General. The law is aimed at those who create false or inflated stock prices.

Despite the massive student demonstrations in Japan, travel agents report no interference with American tourists already in Japan and few cancellations of plans to visit there.

If you go in for water sports, two new books may interest you. Charles Sava, coach of Olympic swimmers, tells how you can improve your style and teach others in Swim Well (Simon & Schuster, \$3.95). For the more adventuresome, Elgin Ciampi offers a complete guide to skin diving, from snorkeling to building a submarine scooter, in The Skin Diver (Ronald Press, \$5.50).

Potpourri: A "stork option" providing additional insurance upon the birth of a child is being offered by Prudential; added temporary protection equals face value of the life insurance policy within \$5,000-\$10,000 limits. You have three months to convert to permanent coverage . . . You now can order duty-free merchandise through a mail-order service when you're out of the U.S. For a catalogue, write Duty-Free Shoppers, Ltd., 465 California St., San Francisco . . . Operated on a transistor circuit, a new warning "horn" for swimming pool use, called the Transista, is on the market—it sounds off if a deserted pool is invaded by kids (\$19.95).

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FROM RAW MATERIALS — In this plant, a Link-Belt raw materials handling system handles coke, limestone, fluorspar, burnt lime and mill scale. Car Shaker assists in unloading R.R. cars. Vibrating feeders and belt conveyors carry materials to and from storage bunkers. Bucket elevator handles coke fines.

Many types of Link-Belt conveyors are at work in the nation's mills, carrying materials through every step of steel-making. These conveyors are helping producers eliminate rehandling bottlenecks, cut costs through improved materials handling, reduce waste, improve safety and working conditions. TO FINISHED PRODUCT — In this plant, coils weighing 15 tons each move automatically, with precision and safety, on a Link-Belt conveyor system. From coiler to pickling line, coils are handled without damage. In this picture, coils ride up to storage area on inclined saddle-top roller chain conveyor.

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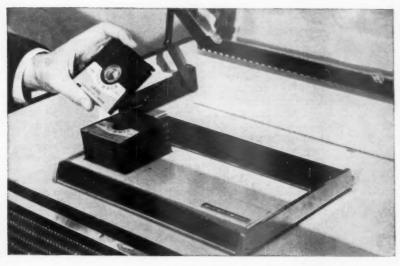
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First One Tape Cartridge



Now a Competing System

These pictures represent the latest pairing in the last decade's running battles over home music equipment. At top is RCA Victor's entry in the tape cartridge competition; cartridges, players, and attachments to convert existing players have been on the mar-ket a little more than a year. Lower picture shows a prototype of a rival cartridge system developed by Colum-bia Broadcasting System and Minnesota Mining & Mfg. Co.

The two systems are not compatible. · Sequel Upon Sequel-To the home music listener, this is an old story. But it's no more irksome to him than to the manufacturer of equipment, records, or tapes. Once again, all concerned must wait through the initial skirmishes over which system is best, before the industry can standardize.

Until a dozen years ago, tape was the only way to get high fidelity in home music of the kind you could play at will-recordings. Then came two forms of microgroove, with RCA backing 45 rpm. disks and Columbia backing longplaying 33 rpm. records. While the battle of the speeds was fought, business stood still; even recorded tape failed to continue its growth. In the end, both speeds survived, with the 45 mostly for pop tunes and the 33 for classical and album-type popular music. Instead of making single-speed players, equipment manufacturers settled pretty much on three speeds, including the earlier 78.

Next, tape pioneered with stereo sound

-another dilemma for the industry and its customers. But it had hardly seized a foothold, about two years ago, when stereo disks were introduced. To the choice of monaural or stereo, tape or record, was added another decision: Which way was the stereo record to be cut, in V-shape or in horizontalvertical channels?

This clash, too, was pretty well resolved, and both tape and records built up fair-sized repertoires in their first year or so. Sales of stereo equipment soared, and ways were worked out to improve the compatability of both re-

cordings and equipment.

· Wider Appeal-In the stereo upsurge, however, tape was overwhelmed by the rise of the cheaper, easier-to-handle disk. Tape manufacturers went to their labs to find an answer. They came up with the tape cartridge for its appeal to the average home music listener-it does away with the delicate difficulties of positioning, threading, and rewind-ing the reels. You just drop a cartridge on the spindle and start it up, like a phonograph record. It costs little or no more than a record.

To gain this simplicity and economy, manufacturers followed different routes to develop both tape and equipmentand that's where the new equipment

war comes in.

RCA's vear-old innovation of a tape cartridge and of two players, one monaural and one stereo, hasn't made much of a dent in the market yet. In fact, its production of the players has been at least temporarily suspended, and a third model, announced, hasn't been made. Even without the complication of talk about rival, non-compatible systems, it's hard to capture much of a market until a big enough selection of recordings has been established to lure buyers of the necessary equipment.

The basic trouble now is that the music listener is waiting until the field is standardized. He wants to be able to buy one player or attachment and be able to play any recording of all lead-

ing companies.

 The Differences—RCA has a two-reel plastic cartridge about the size of a slim paperback book. Tape ‡ in. wide, carrying four sound tracks, travels at 34 inches per second, instead of the conventional (for home music systems) 71 ips. One cartridge provides up to an hour of stereo or two hours of monaural listening. The user simply drops it on a double spindle and throws the switch; the tape is threaded and rewound automatically, never has to be touched.

CBS-3M developed their cartridge along an entirely different line. The project was led by Dr. Peter Goldmark. president of CBS Laboratories and father of the LP record.

The CBS-3M tape, which is in pilot

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production, carries two sound tracks on the extremely narrow width of 1/7 in. It travels at the very slow speed of 1% ips. The cartridge, which is not much bigger than a graham cracker, contains a single reel (the take-up reel for the tape is built into the player itself). It, too, can deliver an hour of stereo music.

The CBS-3M cartridge player is fully automatic; it threads the tape and after playing rewinds it in less than half a minute. CBS-3M have also added a feature: Half a dozen cartridges can be stacked on the spindle and are changed automatically. This player is now in the

engineering prototype stage.

• Choosing Sides—Some manufacturers are still convinced that the RCA cartridge is here to stay. RCA itself says it plans to bring out additional models of tape players. Bell Sound Div. of Thompson Ramo Wooldridge, Inc., is putting out a line of six machines to accommodate RCA's cartridge; three are tape deck attachments for existing machines, and the other three are self-contained

Bel Canto, Bell's cousin in the recording business, has built up a catalog of about 120 recorded tape RCA cartridges under its own label and on Dot and Liberty labels. And RCA has released more than 160 of its own record-

ings in cartridges.

Most record companies are holding off, though, until they see a jelling of the market and of the equipment competition. They can't count on a worthwhile market, they say, until Columbia, RCA, Capitol, Decca, and the other big labels standardize cartridges.

Zenith Radio Corp., however, has already obtained the rights to the CBS-3M system, and it plans to bring out commercial models next year.

· Quality Control-Producers are confident they can build high-quality sound into the new cartridges, but engineers had to overcome a problem.

In keeping the packaged reels small and inexpensive, the makers must pack more music into the inch of tape, then play it more slowly than standard speeds. (Tape masters of record companies run at 15 ips., professional and semi-professional reel-to-reel equipment, at 7½ ips.) The slower the tape speed, generally the harder it is to maintain fidelity.

It has been done, engineers say, by designing new tape heads to precise tolerances and with great responsiveness. And most reports agree that the sound quality of the 3M tape at 17 ips. is virtually indistinguishable from that which is run at 7½ ips., the standard hi-fi speed.

But audiophiles will probably remain skeptical until a company like Ampex Audio, Inc., maker of professional-grade equipment, starts putting out cartridge

machines. END

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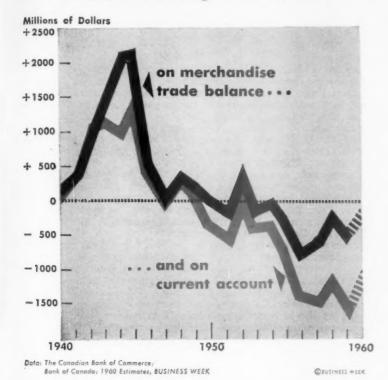
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Slowdown of Growth Rate Pinches Canada's Economy

The Canadian economy seems to be suffering from the same "tired blood" as the U.S. economy—only more so. After years of spectacular boom, Canada's rate of growth has slowed and unemployment is running chronically higher than in earlier postwar years.

These difficulties are appearing in an economy that is extremely prosperous by world standards, second only to the U.S. in income per person, bigger than the U.S. in area, far smaller in population—and enormously rich in resources.

• Built on Resources—Canada's rapid postwar growth has been built on the development of those resources—oil, uranium, iron ore. This has meant pouring billions of dollars into big investment projects. Many of these billions have had to come from abroad, for the development job would otherwise have been beyond Canada's limited means. This produced fast growth, full employment—and, finally, troubles that show up most clearly in the balance of payments (chart).

These balance-of-payments difficulties have been building up for several years. Since 1955, Canadians have been importing more goods than they exported. And Canada's balance of payments on current account—which includes not only exports and imports but also interest, transportation costs, foreign travel, banking and insurance charges, and everything else except capital and gold movements—has been in even worse shape than the balance of trade. Since 1956, Canada has run a current account deficit of more than \$1-billion a year.

This year, Canada, like the U.S., has been doing a bit better in foreign trade. Canada's current account deficit in 1960's first quarter was \$97-million less than in the first quarter a year ago. But, even if this trend continues, Canada is still unlikely to wind up 1960 with a current account deficit as low as \$1-billion.

• Flow of Money-Canada is far from being out of the woods on its balanceof-payments troubles. If anything, the slowdown in Canadian growth and the diminished attractiveness of Canada for foreign investments may make those troubles more acute. Up to now, Canada's big current account deficits have been covered by the heavy inflow of foreign capital, which has ranged between \$1-billion and \$1.5-billion a year since 1952. Much of this was South-of-the-Border inflation hedging—a rush into minerals and oil—which shows signs of abating.

If this heavy inflow of capital were to stop, Canada would start losing reserves fast. Then it would have to cut back imports to the point where exports would pay both for them and for the pyramiding charges on its \$15-billion foreign debts. Those charges amounted to \$486-million last year, and they're still growing.

• On Thin Ice—Hearing the rap of the bill collector on the door and fearing the day when the money stops, Canadians have begun to wonder where they go from here. Gov. James C. Coyne of the Bank of Canada (William McC. Martin's opposite number) in his annual report to the Finance Minister warned that "the country is living beyond its means." The longer Canadians keep borrowing abroad to finance spending at home, said Coyne, "the more difficult and painful will be the adjustments."

A number of other Canadian bankers and businessmen have publicly expressed worries about the country's vulnerability to "any sudden interference" with Canada's access to foreign capital. Since 1956, about one-third of Canada's total investment has been financed by foreign capital.

A drop in the inflow of foreign capital could mean a drop in Canadian capital investment, a further slowing in the growth rate, and a worsening of the unemployment problem, which is aggravated by the continuing rapid growth of Canada's labor force.

I. "Coincidences"

Thus, Canadians are being forced to take a new long, hard look at their national economy, at what ails it, and at what can be done about it.

Canada's troubles and those of the U.S. have some family resemblances traceable to the expansion of world capacity for producing raw materials and finished goods, the spread of American technology to other countries, intensified competition in foreign and domestic markets, the need to choke off inflation by tough policies on money and credit (BW—Mar.26'60,p23).

• More Export Effect—These changes hit Canada even harder than the U.S.—both because Canada is more heavily dependent on world trade and because Canada's boom was more narrowly based on its export industries. Canada's exports amount to about 15% of gross national product, compared with about 5% for the U.S. And Canada's exports



. . . Canada's troubles stem in good measure from one of those "coincidences" of timing that have often given other nations a bumpy path to growth . . .

(STORY on page 137)

are concentrated in wheat, oil, and metals, notably uranium—areas where world overproduction is most serious.

Demand for Canada's raw material exports has also been hurt by some

special developments:

Uranium. The U.S. now relies increasingly on newly found domestic sources of uranium. The U.S. Atomic Energy Commission's cancellation of its options on Canadian uranium production, which would have maintained volume until 1966, has cut Canada's uranium output by more than half (BW—Mar.12'60,p177). Until enough commercial atomic power plants are in operation, new uranium exports are unlikely.

Wheat. Canada's wheat exports, made only on a hard-currency cash basis, are jeopardized not only by U. S. foreign aid programs but also by Soviet wheat exports at cut-rate prices. (Soviet competition is a real worry for Canada in many lines; a few years ago, Soviet low-cost timber sales to Britain and Scandinavia almost wiped out British Columbia's lumber exports to those regions.)

• Indigestion—Export troubles aren't the only reason why Canadian growth has lost its momentum. Even if export demand had lived up to expectations, Canada would have faced a period of digesting the enormously expanded capacity of the resource industries.

Canada's postwar boom was powered by massive projects such as Leduc (oil), Ungava (iron ore), and Blind River (uranium). Giant investment projects, by their nature, do not produce a smooth year-to-year rise in investmentand a number of major projects, notably the St. Lawrence Seaway, the huge aluminum plant at Kitimat, B. C., and the West Coast Transmission, Trans-Mountain, and Trans-Canada pipelines, all happened to reach completion in the late 1950s. Nothing quite so big has come along yet to take their place.

Thus Canada's troubles stem in good measure from one of those "coincidences" of timing that have often given other nations a bumpy path to growth. In Canada's case, the bump was worsened by the added coincidence of the softening of raw material markets.

II. Swimming Upstream

How is Canada to offset these drags on employment, growth, and the balance of payments? For one thing, Canadians mean to go back for more of the hair of the dog that bit them: resource development. Already under way or on the horizon are many new resource projects, including:

 The big South Saskatchewan dam, which is already under construc-

tion.

 The railroad north to the Great Slave Lake, which is part of the Roadto-Resources program for the development of the Northwest Territories. This will probably be started in a year or so.

• Two big natural gas pipeline projects. One, to the Minneapolis-St. Paul region, has already been licensed on both sides of the border. The other, a Pacific Gas & Electric line into the San Francisco Bay region, still requires federal and state approval but should

get under way soon.

But Canadians have grown warier of putting all their eggs in the resource basket. They are eagerly searching for ways to diversify their giant investment program—in the recent past, about 25% of Canada's GNP has gone into investment, a figure almost as high as Russia's.

• Domestic Market—With checks at work on their resource exports, Canadians are looking hopefully at their expanding domestic market. With population growing by a half-million a year, opportunities are emerging for Canada to replace traditional imports with domestic production. For instance, Canadian steel producers recently started to turn out wide-flange steel beams and large-diameter pipe for the home market.

Developing the home market won't be easy going for Canadian producers. Despite its growth, the home market is still too small and thin in many lines to support plants large enough to bring unit costs of production to a competitive level or large enough to support adequate industrial research programs. The thinness of the Canadian market also makes distribution costs high: To reach a given number of customers, a Canadian company typically has to buy many more miles of transportation than a U.S. company does.

• Encouraging Industry—To minimize these handicaps for domestic industrial production, Canadians have a number

of possible moves.

One, of course, is to boost protective tariffs, but this would doubtless be a last-ditch move for the international-

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minded Canadians-especially since it might invite retaliation.

Another is to press the U.S. and other countries to lower barriers against Canadian goods, without expecting fully equal treatment from Canada.

A variant of the second approach was put forward last month by Hugh P. Keenleyside, chairman of the British Columbia Power Commission and former director of the United Nations' Technical Assistance Program. Keenleyside proposed a "selective free trade" formula for Canadian and U. S. industry to reduce Canada's high production costs.

• Splitting Production—Under his scheme, U.S. producers with Canadian plants would, in exchange for lower tariffs by Canada, agree to split up the total product mix so that some items would be produced entirely in Canada, some in the U.S.

The Keenleyside scheme assumes that, with full access to both markets, a company's production and distribution cost on both sides of the border would be equalized. At present, of course, Canadian manufacturing costs are higher than U.S. costs in many important lines. Canada's tariffs against U.S. autos, for instance, are aimed at keeping Canadians from buving their cars in the cheaper U.S. market.

• Public Spending—Given a limitation on a fast expansion of manufacturing, Canadians have another move open to them to offset the slowdown in resource exports: a shift toward more spending on housing and on provincial and municipal improvements. This is indicated anyhow to meet the needs of population growth and the big regional population shifts that have occurred.

Canadian investment has, in fact, been shifting toward such housing and "intrastructure" outlays. A rising proportion of foreign investment has also gone into these provincial and municipal projects. Growth of investment in those areas has played a welcome role in offsetting the sag in the raw-materials industries—but it adds to Canada's balance-of-payments woes.

That's because investment in roads or housing doesn't result in new exports, while the income this creates results in increased demand for imports. At the same time, the foreign borrowing to finance these projects adds to Canada's debt-service charges. (The Bank of Canada's Gov. Coyne had his eye fixed mainly on this problem when he sounded his "Canadians are living beyond their means" alarm.)

III. Monetary Problems

Few Canadian economists expect their country's problems to come to a head this year. Carried along by the



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to a the This is just the beginning! By 1963, new generating capacity now being constructed will add another 1,522,000 kilowatts to Kentucky's total power resources. Generating plants now in the planning stage will provide an additional 495,000 kilowatts. Some of these new projects include a new generating station on the State's eastern border; a plant on Lake Cumberland in southeastern Kentucky; increased capacity for a north-central utility; Barkley Dam on the lower Cumberland River; expansion of an existing power

plant in central Kentucky. And when completed, a new power plant of over \$100,000,000 in western Kentucky will be the largest steam-electric generating plant in the world.

And there's still more capacity for Kentucky. As further reserves, out-of-state power plants on Kentucky's borders are all tied-in on a power grid which can bring plentiful power to any city or town in Kentucky.

These are some of the reasons why Kentucky industry is growing faster than the U.S. average. Hundreds of companies have discovered that Kentucky offers maximum opportunity for progress and profits through its unique combination of advantages. If you are considering a new plant, let us show you what Kentucky can do for you.

Address: Lieut. Gov. Wilson W. Wyatt, or

E. B. Kennedy, Commissioner, Kentucky Department of Economic Development 300 State Capitol Building, Frankfort, Kentucky

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the Nation is an actuality (with both privately and publicly financed lending agencies for new and expanding industry)... state authority has been set up for building desirable airstrips and access roads to plant sites.

Big things are happening in Kentucky. We will send you specific details on request.



sluggish but continuing U.S. advance, Canadian GNP is expected to rise in 1960 for the sixth consecutive year. Although continued heavy reliance on foreign capital is a worry, total Canadian public and private investment is expected, according to the government's capital spending survey, to reach \$8.8-billion—a new record by a small margin. Consumers have boosted their spending by about 5%. And, most heartening of all to Canadians, exports have been reviving.

Most of this revival has been in Canada's staple lines, but it has been helped along by some one-shot deals. For instance, De Havilland Aircraft of Canada, Ltd., a manufacturer of small air cargo planes, is shipping a \$21-million order to the U.S. Air Force, and Canadair, Ltd., Montreal subsidiary of General Dynamics, expects a big chunk of the Air Force's \$888-million requirement for 222 large air cargo carriers.

• The Dollar—Canadian exports should get an extra boost from the recent decline in the Canadian dollar. From a premium of more than 5% over the U.S. dollar last year, the Canadian has slipped to a present premium of about 2%. This should stimulate Canada's exports by making them cheaper to foreigners, meanwhile checking Canadian canadian stimulate canada's exports by making them cheaper to foreigners, meanwhile checking Canadian ca

da's imports.

This less costly Canadian dollar should stick around for a good while, because the demand for Canadian dollars by American investors has dropped. Last year's high premium on the Canadian dollar was due to heavy borrowing by Canada in the U.S. money market, especially by municipal and provincial governments-which took \$400-million last year. So far in 1960, only a few Canadian bond issues have been floated in New York, and money market experts don't see a return to heavy Canadian financing in New York in the immediate future, now that the difference between Canadian and U.S. interest rates has narrowed.

• More Flexibility—The decline in the flow of foreign portfolio investment into Canada is reducing the inflationary pressures that the Canadian monetary authorities have had to combat. The Bank of Canada now has more flexibility and needn't pursue an exclusively tight money policy in the coming year. This, together with the related fall in the Canadian dollar premium, has come as a relief to many Canadian businessmen who, impatient with monetary restraint, have felt that the Canadian dollar was seriously overvalued.

Both changes should make it easier for Canadian business to roll with the punch of softer world demand for raw materials and to hit harder at both domestic and foreign markets wherever Canadian producers think they have a

chance. END

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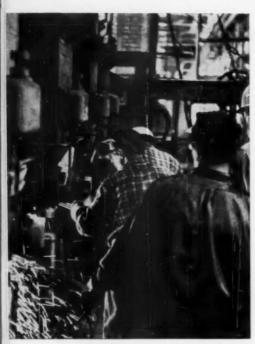
DC-8 jet liners flown by Delta Air Lines feature the

in an hour by "the man who does your brake work."

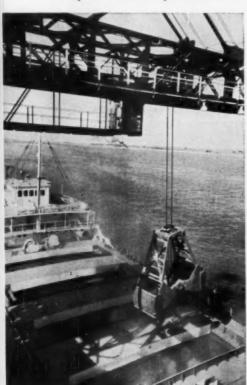
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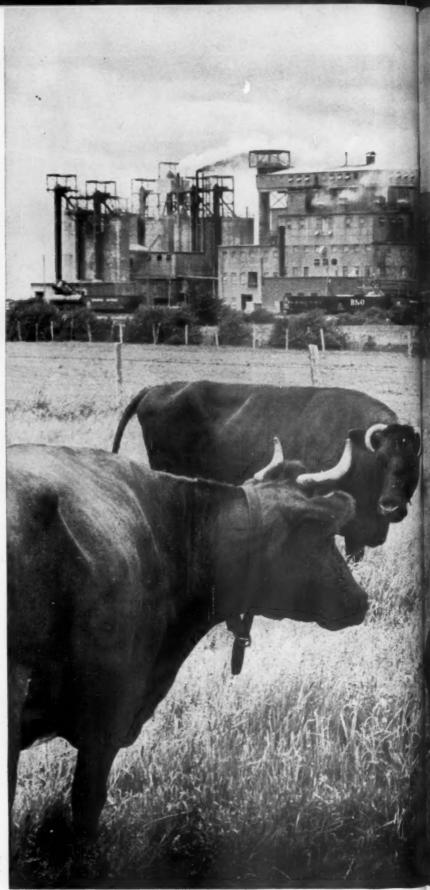


STEEL PIPE is produced at Steel Co. of Canada's \$10-million mill at Contrecoeur. The plant went into full production last fall.



CARRIERS are loaded at \$5-million dock built at Contrecoeur by Iron Ore Co. to handle rich ore from northern Quebec.

PRIZE CATTLE of real estate developer Charles Abbott ignore modern note introduced by Electric Reduction Co. plant.







CONTRECOEUR, a tiny French-Canadian community on the St. Lawrence, is losing its pastoral look as the steel industry moves in. First sign: TV antennas atop old houses.



CHURCH attendance at neighboring Boucherville reflects area's new population.



WOMEN take over more farm chores as men succumb to higher wages of new plants.

A "Little Pittsburgh" Shapes Up in Quebec

For nearly 300 years, the tiny French-Canadian town of Contrecoeur on the south shore of the St. Lawrence slumbered peacefully to the rumble of horse-drawn carts on cobble stones. Nothing much happened. The small farms for generations had been passed down from father to son, the outside world seldom intruded, and the future promised to be a replay of the past.

Then progress—in the guise of a steel-producing complex and its complementary industries—jolted the town wide awake. A few years ago, Iron Ore Corp. of Canada realized that the St. Lawrence Seaway would bring changes in the steel industry. So it built a \$5-million iron-ore transshipment dock at Contrecoeur, where carriers from Seven

Islands on the north shore brought the ore. That started Contrecoeur on the road to industrialization.

• Natural Site—Contrecoeur and its neighboring communities Varennes and Vercheres are located in a fertile section of the St. Lawrence watershed almost directly opposite Montreal. The area's topography and its position in Quebec's communications network make it a prime choice for a steel industry.

Other contributing factors are its proximity to the mouth of the Seaway, the natural 35-ft. St. Lawrence River channel that runs close by, excellent electric power and natural gas supplies, and the vast labor pool in the greater Montreal area.

· Progress-Since Iron Ore's initial



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venture, progress toward a "big steel" development has been tangible:

· Steel Co. of Canada, Ltd., is operating its \$10-million steel pipe mill on a fraction of the land it bought at Contrecoeur. It is no secret that the land was acquired for eventual steel production.

· Dominion Steel & Coal Corp., Ltd., is expected to start work soon on a \$60-million hot and cold rolling mill, also at Contrecoeur.

· Quebec South Shore Steel Corp. plans a mill at Varennes that will use an electric process for producing steel.

Elsewhere in the Contrecoeur-Varennes-Vercheres area, new industries are already located. These include Canadian Titanium Pigments, Ltd.; Irving Oil Co., Ltd.; Maurice Chemicals. Ltd.: Electric Reduction Co. of Canada, Ltd.; Shawinigan Chemicals, Ltd.; Canadian Liquid Air Co., Ltd.; Dominion Tar & Chemical Co.; and Joseph Elie, Ltd.

· Seaway's Role-There is no question that the entire area has already benefited substantially from the arrival of steel and other industries, and there is no question that the industrial explosion was triggered by the opening of the Seaway last June.

The twist, however, is that the Seaway has contributed to the boom in an indirect manner. It became fairly clear after the waterway started operation that hauling iron ore to the U.S. Midwest was a waste of both time and money-if the steel could be produced closer to the vast sources of iron ore supplies in northern Quebec.

The Seaway, with its 27-ft. channel, cannot accommodate the deep draft iron ore carriers that ply between Seven Islands and the Contrecoeur iron ore dock in the natural, 35-ft. St. Lawrence channel. So it is now fairly certain that steel will be produced in the Contrecoeur area, and shipped to the Midwest and Northeast markets through the transportation system provided by the Seaway, highways, and the vast railway network running from Montreal into the U.S.

 Another Pittsburgh—Contrecoeur has been called a potential "Little Pittsburgh." If the small French-Canadian community is destined to play the role it will do so within the next decade.

"Little Pittsburgh" won't come over-night. French-Canadians are slaves to tradition, and resist drastic changes. But the signposts are going up. Already, a forest of television antennas stands high over the old houses; and late model cars are beginning to nudge the horsedrawn carts from the narrow streets. According to Quebec's outgoing Premier Antonio Barrette, "Today we are in an identical position with the one that created the world's greatest steel empire at the Great Lakes." END



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Time To Blow a Whistle

Few men in history have come to power with such widespread support as Fidel Castro enjoyed 18 months ago—and perhaps none has squandered it so rapidly.

The U.S. government and the American business community applauded when Castro overthrew Batista. They believed Cuba needed many things that Castro might have given it—stable government, democratic institutions, land reform, and a better balance for its economy.

Instead, the Castro regime has turned out to be tragic for Cuba. A rich country with hard-working people is ridden by shortages because Castro has tried to impose his own form of a state-controlled economy and has restricted imports. Plants have been closed because of expropriation. Even the university students, who were among Castro's most ardent supporters, are protesting the nationalizing of Havana University.

The U.S., which has prided itself on the aid it has given Cuba over many decades, has been the target of a flood of invective and insult. Castro has seized American properties without compensation and, indeed, without giving the owners so much as a notice of intent.

Turning to Communism

Most serious of all, Castro has openly taken Cuba into the Communist camp. Only last week the Cuban government took over three oil refineries owned by American and British-Dutch companies because they refused to process Soviet crude oil.

In the face of Castro's irresponsibility, the U.S. has shown great patience. Pres. Eisenhower, Secy. of State Herter, and Congressional leaders have refused to make any move that could be interpreted as intervening in the affairs of Cuba. This is partly because we are legally barred from doing anything that could be considered intervention in the internal affairs of a neighboring state by the terms of the charter of the Organization of American States. More basically, though, our patience has been rooted in the American belief that no large country, and particularly this one, has a right to meddle in the affairs of a small state.

The Administration deserves credit for its patience over the months since Castro came to power.

Now, however, Castro has gone much too far. His turn to Communism is the common concern of all the American states. No one wants to see the U.S. swing its weight heavily or harshly against Castro, but he has gone too far to be ignored.

The U.S. is beginning to move. Congress labored through last weekend to put through a bill author-

izing the President to reduce Cuba's sugar quota. This week, the President used this authority to put mild pressure on Castro.

We think the President is more than justified in acting—in spite of Castro's threats. We hope he'll continue the pressure—and that the State Dept. will muster support from the other American states for a tougher line against Castro. It is to the interest of all to check Cuba's Communist-line dictator.

Cotton Price Propping

American cotton mills are not being treated fairly. Nor, for that matter, is the American consumer.

This has been apparent for a long time to anyone who has given the matter any attention. But it has taken the impact of rising imports to bring the matter to a head. The crux of it all is this:

- American mills must buy U.S. cotton (we permit only a tiny fraction of our needs to be imported) at the farm-support price level. Foreign mills buy U.S. cotton, on an export-subsidy basis, 6¢ to 8¢ a lb. cheaper than the price the government charges our own mills. Then the foreign mill can ship products made from the bargain cotton back into this market.
- American consumers buy about 95% of their cotton textile products from domestic mills, paying for the premium-price fiber that has gone into these products (a double charge, in fact, because the consumer already has paid the premium in taxes for the farm subsidy).

The domestic mills, having failed to win the right to buy U. S. cotton for the same price we charge foreign mills (viz.: the world market price), went to Washington for an "equalization fee." That would have imposed a duty on imported cotton goods equal to the premium U. S. mills must pay.

The equalization fee has just been turned down by the Tariff Commission. We think the commission's action was quite proper, for a very simple reason.

U.S. mills should be permitted to buy cotton at the same price as foreign mills. Then we would learn, once and for all, if they can compete with foreign mills despite the latters' labor-cost advantage.

Meanwhile, allowing U.S. mills to pay the world price for cotton would have other advantages. Obviously, it would permit domestic consumers to pay less for textiles. But, at the same time, it would show up the true cost of the price-propping fiasco, which heretofore has been partly shunted onto domestic cotton mills which in turn have had to buck it back onto the consumer-taxpayer.



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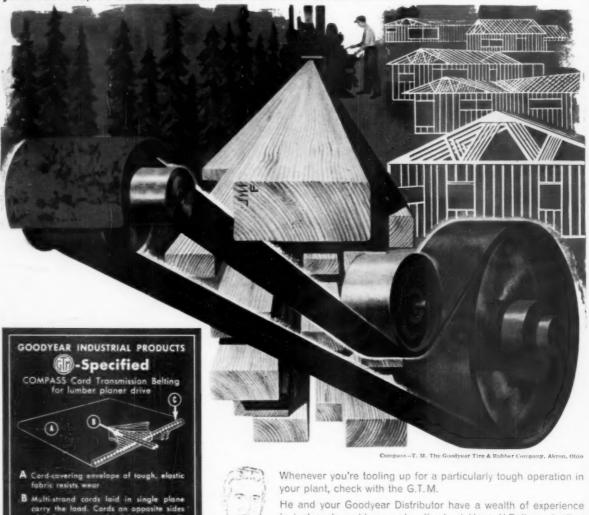
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